

**Thaicom Public Company Limited  
and its Subsidiaries**

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2010 and 2009

## **Audit report of Certified Public Accountant**

### **To the shareholders of Thaicom Public Company Limited**

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009 and the results of operations and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively, in accordance with generally accepted accounting principles.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2011



# Thaicom Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2010 and 2009

Assets	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	5	1,271,920,158	797,638,777	518,439,084	158,252,974
Trade accounts receivable and accrued income	6	1,022,742,169	1,046,554,872	772,643,229	882,331,498
Amounts due from related parties	4	1,480,493	1,102,376	122,981,072	100,684,581
Inventories	7	413,012,426	431,125,212	258,518,041	274,918,812
Prepaid insurance		63,406,136	103,384,880	61,115,000	100,552,164
Other current assets	8	253,626,526	266,832,992	115,881,164	90,910,635
<b>Total current assets</b>		<b>3,026,187,908</b>	<b>2,646,639,109</b>	<b>1,849,577,590</b>	<b>1,607,650,664</b>
<b>Non-current assets</b>					
Long-term loans and advance to subsidiaries	4	-	-	208,540,401	334,075,920
Investments in subsidiaries, jointly - controlled entities and associate	9	459,263,827	418,505,173	830,199,503	813,500,645
Property and equipment	10	5,262,645,552	6,045,849,391	1,089,280,069	1,235,904,614
Property and equipment under operating agreements	11	14,177,126,018	15,527,787,930	14,177,126,018	15,527,787,930
Deferred charges	11	41,052,706	57,465,742	38,941,430	55,117,006
Intangible assets	11	1,103,078,199	1,208,068,765	947,955,427	1,031,265,654
Deferred tax assets	12	1,118,531,530	868,080,777	1,025,620,731	763,183,772
Other non-current assets	13	660,312,455	630,883,725	632,223,201	598,705,233
<b>Total non-current assets</b>		<b>22,822,010,287</b>	<b>24,756,641,503</b>	<b>18,949,886,780</b>	<b>20,359,540,774</b>
<b>Total assets</b>		<b>25,848,198,195</b>	<b>27,403,280,612</b>	<b>20,799,464,370</b>	<b>21,967,191,438</b>

The accompanying notes are an integral part of these financial statements.

# Thaicom Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2010 and 2009

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	14	-	81,337,973	-	73,819,689
Trade accounts payable	15	530,828,685	462,049,412	305,730,593	267,388,162
Accounts payable - property and equipment		920,779,639	152,078,107	28,453,807	21,817,849
Amounts due to related parties	4	3,634,502	7,006,628	52,577,744	44,422,326
Current portion of long-term loans	14	854,473,636	635,848,976	5,443,896	2,369,376
Advance receipts from customers		320,371,771	197,059,208	22,652,016	44,467,097
Accrued operating agreement fee		205,457,499	646,054,457	129,836,727	545,652,570
Accrued expenses		256,991,382	232,547,234	162,314,539	143,775,427
Income tax payable		131,345,430	111,220,668	-	-
Other current liabilities	16	171,007,224	169,122,324	88,079,998	81,488,649
<b>Total current liabilities</b>		<b>3,394,889,768</b>	<b>2,694,324,987</b>	<b>795,089,320</b>	<b>1,225,201,145</b>
<b>Non-current liabilities</b>					
Long-term accounts payable					
- property and equipment		-	761,252,273	-	-
Long-term loans	14	7,543,878,945	8,072,038,517	7,005,284,380	6,982,051,488
Deferred tax liabilities	12	130,806,518	145,589,152	-	-
Other non-current liabilities		99,970,773	104,265,578	89,173,110	87,660,724
<b>Total non-current liabilities</b>		<b>7,774,656,236</b>	<b>9,083,145,520</b>	<b>7,094,457,490</b>	<b>7,069,712,212</b>
<b>Total liabilities</b>		<b>11,169,546,004</b>	<b>11,777,470,507</b>	<b>7,889,546,810</b>	<b>8,294,913,357</b>

The accompanying notes are an integral part of these financial statements.

# Thaicom Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2010 and 2009

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital	17				
Authorised share capital		5,660,411,500	5,660,411,500	5,660,411,500	5,660,411,500
Issued and paid-up share capital		5,479,687,700	5,479,687,700	5,479,687,700	5,479,687,700
Additional paid-in capital					
Premium on ordinary shares	18	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Unrealised profit on changes on shareholding in a subsidiary and an associate		333,830,271	349,347,698	-	-
Currency translation differences		(253,520,267)	(108,967,271)	-	-
Retained earnings					
Appropriated					
Legal reserve	18	413,853,344	413,853,344	413,853,344	413,853,344
Unappropriated		4,357,853,377	5,146,786,449	2,714,386,844	3,476,747,365
<b>Total equity attributable to equity holders of the Company</b>		<b>14,633,694,097</b>	<b>15,582,697,592</b>	<b>12,909,917,560</b>	<b>13,672,278,081</b>
Minority interests		44,958,094	43,112,513	-	-
<b>Total equity</b>		<b>14,678,652,191</b>	<b>15,625,810,105</b>	<b>12,909,917,560</b>	<b>13,672,278,081</b>
<b>Total liabilities and equity</b>		<b>25,848,198,195</b>	<b>27,403,280,612</b>	<b>20,799,464,370</b>	<b>21,967,191,438</b>

The accompanying notes are an integral part of these financial statements.

# Thaicom Public Company Limited and its Subsidiaries

## Statements of income

For the years ended 31 December 2010 and 2009

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		(in Baht)			
<b>Income</b>	4				
Revenues from sale of goods and rendering of services	20	6,699,753,084	7,188,364,004	3,818,187,799	3,972,418,178
Dividend income		-	-	69,999,988	83,941,277
Net foreign exchange gain		-	465,108,917	-	337,625,387
Other income	21	107,350,149	31,623,391	128,600,569	91,020,252
<b>Total income</b>		<b>6,807,103,233</b>	<b>7,685,096,312</b>	<b>4,016,788,356</b>	<b>4,485,005,094</b>
<b>Expenses</b>	4				
Cost of sale of goods and rendering of services		5,356,645,339	5,589,273,470	3,283,887,076	3,518,574,146
Operating agreements fee		493,925,090	538,625,427	458,871,750	476,126,911
Selling expenses		244,597,881	224,380,281	84,123,054	75,003,458
Administrative expenses		1,172,521,028	908,560,914	664,458,910	450,510,310
Directors and management benefit expenses		43,280,565	44,142,251	42,777,000	43,606,497
Net foreign exchange loss		90,079,141	-	85,154,952	-
<b>Total expenses</b>		<b>7,401,049,044</b>	<b>7,304,982,343</b>	<b>4,619,272,742</b>	<b>4,563,821,322</b>
Share of profit of associates	9	169,629,217	124,627,213	-	-
<b>Profit (loss) before finance costs and income tax expense</b>		<b>(424,316,594)</b>	<b>504,741,182</b>	<b>(602,484,386)</b>	<b>(78,816,228)</b>
Finance costs		(488,153,808)	(1,087,395,748)	(422,313,095)	(1,015,785,545)
<b>Loss before income tax expense</b>		<b>(912,470,402)</b>	<b>(582,654,566)</b>	<b>(1,024,797,481)</b>	<b>(1,094,601,773)</b>
Income tax expense	24	129,816,242	111,732,540	262,436,960	323,933,542
<b>Loss for the year</b>		<b>(782,654,160)</b>	<b>(470,922,026)</b>	<b>(762,360,521)</b>	<b>(770,668,231)</b>
Profit (loss) attributable to:					
Equity holders of the Company		(788,933,072)	(471,228,885)	-	-
Minority interests		6,278,912	306,859	-	-
<b>Loss for the year</b>		<b>(782,654,160)</b>	<b>(470,922,026)</b>	<b>(762,360,521)</b>	<b>(770,668,231)</b>
<b>Loss per share</b>	26				
Basic		(0.72)	(0.43)	(0.70)	(0.70)
Diluted		(0.72)	(0.43)	(0.70)	(0.70)

The accompanying notes are an integral part of these financial statements.

**Thaicom Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2010 and 2009**

	<b>Consolidated financial statements</b>								
	Issued and paid-up share capital	Additional paid-in capital  Share premium	Unrealised surpluses (deficits)  Cumulative gain on dilution of investment in an associate	Currency translation differences	Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
					Legal reserve <i>(in Baht)</i>	Unappropriated			
<b>Balance at 1 January 2009</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>346,224,720</b>	<b>(101,247,548)</b>	<b>413,853,344</b>	<b>5,618,015,334</b>	<b>16,058,523,222</b>	<b>44,721,094</b>	<b>16,103,244,316</b>
Unrealised gain from decrease in shareholding in an associate	-	-	3,122,978	-	-	-	3,122,978	-	3,122,978
Translation loss relating to financial statements of foreign operations	-	-	-	(7,719,723)	-	-	(7,719,723)	(1,915,440)	(9,635,163)
Net income (expense) recognised directly in equity	-	-	3,122,978	(7,719,723)	-	-	(4,596,745)	(1,915,440)	(6,512,185)
Profit (loss) for the year	-	-	-	-	-	(471,228,885)	(471,228,885)	306,859	(470,922,026)
<b>Balance at 31 December 2009</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>349,347,698</b>	<b>(108,967,271)</b>	<b>413,853,344</b>	<b>5,146,786,449</b>	<b>15,582,697,592</b>	<b>43,112,513</b>	<b>15,625,810,105</b>

The accompanying notes are an integral part of these financial statements.

**Thaicom Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2010 and 2009**

	<b>Consolidated financial statements</b>								
	Issued and paid-up share capital	Additional paid-in capital	Unrealised surpluses (deficits) Cumulative gain on dilution of investment in a subsidiary and an associate	Currency translation differences	Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity attributable to equity holders of the Company	Minority interests	Total equity
<b>Balance at 1 January 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>349,347,698</b>	<b>(108,967,271)</b>	<b>413,853,344</b>	<b>5,146,786,449</b>	<b>15,582,697,592</b>	<b>43,112,513</b>	<b>15,625,810,105</b>
Unrealised loss from decrease in shareholding in a subsidiary and an associate	-	-	(15,517,427)	-	-	-	(15,517,427)	-	(15,517,427)
Translation loss relating to financial statements of foreign operations	-	-	-	(144,552,996)	-	-	(144,552,996)	(4,433,331)	(148,986,327)
Net expense recognised directly in equity	-	-	(15,517,427)	(144,552,996)	-	-	(160,070,423)	(4,433,331)	(164,503,754)
Profit (loss) for the year	-	-	-	-	-	(788,933,072)	(788,933,072)	6,278,912	(782,654,160)
<b>Balance at 31 December 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>333,830,271</b>	<b>(253,520,267)</b>	<b>413,853,344</b>	<b>4,357,853,377</b>	<b>14,633,694,097</b>	<b>44,958,094</b>	<b>14,678,652,191</b>

The accompanying notes are an integral part of these financial statements.

**Thaicom Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2010 and 2009**

	<b>Separate financial statements</b>			Total equity attributable to equity holders of the Company	
	Issued and paid-up share capital	Additional paid-in capital  Share premium	Retained earnings  Legal reserve <i>(in Baht)</i>  Unappropriated		
<b>Balance at 1 January 2009</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>413,853,344</b>	<b>4,247,415,596</b>	<b>14,442,946,312</b>
Loss for the year	-	-	-	(770,668,231)	(770,668,231)
<b>Balance at 31 December 2009 and at 1 January 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>413,853,344</b>	<b>3,476,747,365</b>	<b>13,672,278,081</b>
Loss for the year	-	-	-	(762,360,521)	(762,360,521)
<b>Balance at 31 December 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>413,853,344</b>	<b>2,714,386,844</b>	<b>12,909,917,560</b>

The accompanying notes are an integral part of these financial statements.

# Thaicom Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2010 and 2009

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
(in Baht)					
<i>Cash flows from operating activities</i>					
Loss for the year		(788,933,072)	(471,228,885)	(762,360,521)	(770,668,231)
<i>Adjustments for</i>					
Depreciation of property and equipment	10	1,112,813,516	1,102,348,637	397,136,119	373,194,838
Amortisation of property and equipment					
under operating agreements	11	1,350,661,910	1,541,525,781	1,350,661,910	1,541,525,781
Amortisation of deferred charges	11	17,145,064	13,913,891	16,175,576	12,692,993
Amortisation of intangible assets	11	106,080,181	114,476,240	94,942,943	101,584,591
Interest income	21	(30,938,731)	(18,665,373)	(34,159,274)	(18,118,454)
Dividend income		-	-	(69,999,988)	-
Finance cost		488,153,808	592,700,493	422,313,095	521,090,290
(Gain) loss on exchange rate		103,827,244	(297,806,037)	3,545,245	(383,038,836)
Amortisation of borrowing costs	14	6,139,009	494,695,255	6,139,009	494,695,255
(Reversal of) allowance for doubtful accounts	6	43,556,249	(86,813,678)	48,247,155	(108,342,142)
Profit (loss) on minority interest		6,278,912	306,859	-	-
Allowance for obsolete inventory		25,736,123	23,870,136	16,948,065	25,019,665
Gain on disposal of property and equipment		(5,453,498)	(15,616,383)	(4,875,326)	(1,370,842)
Write-off property and equipment	10	17,813,426	15,562,619	1,151,629	662,771
Write-off deferred changes	11	-	7,884,202	-	7,884,202
Share of profits of associate	9	(169,629,217)	(124,627,213)	-	-
Income tax expense	24	(129,816,242)	(111,732,539)	(262,436,960)	(323,933,542)
		<u>2,153,434,682</u>	<u>2,780,794,005</u>	<u>1,223,428,677</u>	<u>1,472,878,339</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable and accrued income		(19,743,546)	(41,879,209)	61,441,114	75,712,118
Amounts due from related parties		(378,117)	2,249,615	(22,296,490)	(16,104,814)
Inventories		4,507,653	105,828,203	6,377,170	20,884,000
Prepaid insurance		39,978,744	35,877,607	39,437,164	35,836,316
Other current assets		(3,860,157)	5,376,174	(26,502,583)	75,503,848
Other non-current assets		35,363,568	(85,391,668)	31,274,330	(84,098,776)
Trade accounts payable		68,779,273	(55,010,382)	38,342,431	(32,692,001)
Amounts due to related parties		(3,372,126)	1,074,759	8,155,418	18,947,905
Advance receipts from customers		(34,517,302)	21,296,369	(21,815,081)	1,617,013
Accrued operating agreement fee		(440,596,959)	86,509,378	(415,815,843)	70,667,825
Accrued expenses		29,119,507	(8,465,971)	22,413,386	(17,276,528)
Other current liabilities		159,714,764	1,185,961	6,591,349	(2,307,147)
Other non-current liabilities		(4,294,775)	6,862,076	1,512,386	6,191,868
Interest received		31,306,495	20,874,797	35,691,327	26,069,363
Income tax paid		(180,084,681)	(219,304,572)	(64,792,298)	(80,616,501)
<b>Net cash provided by operating activities</b>		<b><u>1,835,357,023</u></b>	<b><u>2,657,877,142</u></b>	<b><u>923,442,457</u></b>	<b><u>1,571,212,828</u></b>

The accompanying notes are an integral part of these financial statements.

# Thaicom Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2010 and 2009

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Dividends received	9 d), f)	130,051,995	157,562,994	69,999,988	-
Net cash outflow on acquisition of subsidiaries	9 a)	-	-	(16,698,858)	(17,712,050)
Payment of property and equipment		(697,586,723)	(1,105,574,460)	(254,779,180)	(200,945,945)
Payment for property and equipment under operating agreements		-	(140,282)	-	(140,282)
Proceeds from sale of property and equipment		8,224,964	22,560,263	7,353,660	3,298,785
Long-term loans and advance to related company		-	-	125,300,588	(164,685,116)
Payments for deferred charges		(732,028)	(42,037,544)	-	(40,074,674)
Purchase of intangible assets		(11,283,575)	(46,631,492)	(11,283,575)	(45,791,492)
<b>Net cash used in investing activities</b>		<b>(571,325,367)</b>	<b>(1,014,260,521)</b>	<b>(80,107,377)</b>	<b>(466,050,774)</b>
<b><i>Cash flows from financing activities</i></b>					
Proceeds from short-term borrowings	14	-	90,869,123	-	73,350,839
Proceeds from long-term borrowings, net of finance cost	14	139,039,636	7,269,612,987	23,336,922	6,977,344,918
Repayments of short-term borrowings	14	(80,869,123)	(303,961,630)	(73,350,839)	-
Repayments of long-term borrowings	14	(351,312,458)	(8,497,837,971)	(3,168,520)	(8,113,781,989)
Interest paid		(492,829,166)	(577,919,681)	(426,187,369)	(504,291,524)
<b>Net cash used in financing activities</b>		<b>(785,971,111)</b>	<b>(2,019,237,172)</b>	<b>(479,369,806)</b>	<b>(1,567,377,756)</b>
<b>Net decrease in cash and cash equivalents</b>					
		<b>478,060,545</b>	<b>(375,620,551)</b>	<b>363,965,274</b>	<b>(462,215,702)</b>
Cash and cash equivalents at beginning of year		797,638,777	1,173,334,744	158,252,974	620,544,092
Effects of exchange rate changes on balances held in foreign currencies		(3,779,164)	(75,416)	(3,779,164)	(75,416)
<b>Cash and cash equivalents at end of year</b>	5	<b>1,271,920,158</b>	<b>797,638,777</b>	<b>518,439,084</b>	<b>158,252,974</b>
<b><i>Supplementary information for cash flows</i></b>					
Income tax paid		492,829,166	219,304,572	426,187,369	80,616,501
<b><i>Non-cash transactions</i></b>					
Acquisition of property and equipment by issue of debt		95,573,261	696,251,499	47,574,895	17,984,757
Dividend income		-	-	-	83,941,277

The accompanying notes are an integral part of these financial statements.

**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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21	Other income
22	Expenses by nature
23	Provident funds
24	Income tax expense
25	Promotional privileges
26	Loss per share
27	Financial instruments
28	Commitments with non-related parties
29	Contingent liabilities
30	Other event
31	Events after the reporting period
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**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 16 February 2011

**1 General information**

Thaicom Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 414 Phaholyotin Road, Samsen Nai, Phayathai, Bangkok 10400.

The Company was listed on the Stock Exchange of Thailand in January 1994.

The Company’s major shareholder was Shin Corporation Public Company Limited (41.14% shareholding) which is incorporated in Thailand.

The Company, its subsidiaries, associate, and jointly controlled entities (Collectively referred to as “the Group”) are primarily involved in transponder services for domestic and international communications, sale of user terminal of iPSTAR, broadband content services, sale of direct television equipment, Internet data center services, Internet services, satellite uplink-downlink services, printing and publishing of business telephone directories, banner advertising, telephone network services, mobile contents, and engineering and development services on communication technology and electronics, which are mainly operated under agreements for operation.

The Group has operations in 10 countries; Thailand, Singapore, Cambodia, Lao PDR, Australia, New Zealand, the United States of America, Mauritius, the British Virgin Islands and Japan.

The Company obtained agreements for operation from the Ministry of Transport and Communications for a period of 30 years to operate and administer satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a 30-year period, service charges from users of the transponders. These agreements for operation have been transferred to the Ministry of Information Communication and Technology and will expire in 2021.

Details of the Company’s subsidiaries and jointly controlled entities as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership Interest (%)	
			2010	2009
<i>Direct subsidiaries</i>				
DTV Service Company Limited	Providing meeting center via internet and broadband content services and sale of direct television equipment	Thailand	100	100
iPSTAR Company Limited	Providing iPSTAR transponder services	The British Virgin Islands	99.94	99.68
Star Nucleus Company Limited	Providing broadband technological services via iPSTAR satellite	The British Virgin Islands	70	70

**Thaicom Public Company Limited and its Subsidiaries**  
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Name of the entity	Type of business	Country of incorporation	Ownership Interest (%)	
			2010	2009
Spacecode LLC	Providing engineering and development services, technology and electronics	The United States of America	70	70
IPSTAR International Pte Limited	Providing iPSTAR transponder services	Singapore	100	100
IPSTAR Global Services Company Limited	Providing iPSTAR transponder service	Mauritius	100	100
Cambodian DTV Network Limited	Sale of direct television equipment	Cambodia	100	100
<b><i>Indirect subsidiaries</i></b>				
<i>Subsidiary of DTV Service Company Limited</i>				
NTU (Thailand) Company Limited	Provide organizing services related to conduct training, educational seminar and spread the various kind of knowledge.	Thailand	88.52	88.52
<i>Subsidiaries of iPSTAR Company Limited</i>				
IPSTAR Australia Pty Limited	Sale of user terminal of iPSTAR and providing iPSTAR transponder services in Australia.	Australia	100	100
IPSTAR New Zealand Company Limited	Sale of user terminal of iPSTAR and providing iPSTAR transponder services in New Zealand	New Zealand	100	100
<b><i>Jointly-controlled entities</i></b>				
Shenington Investments Pte Limited	Holding company for investment in international telecommunications	Singapore	51	51
<i>Subsidiaries of Shenington Investments Pte Limited</i>				
Mfone Company Limited	Providing fixed line, mobile phone and internet services	Cambodia	51	51
<b><i>Jointly- controlled of Shenington Investments Pte Limited</i></b>				
Lao Telecommunications Company Limited	Providing fixed line, mobile phone, public phone, public international facilities and internet services	Lao PDR	24.99	24.99

**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**2 Basis of preparation of the financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 32.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 6 Allowance for doubtful accounts
- Note 7 Measurement of the net realisable value of inventory.
- Notes 10 and 11 Estimated useful lives of fixed assets and Measurement of the recoverable amounts.
- Note 10 Lease classification
- Note 12 Utilisation of deferred tax assets
- Notes 28 and 29 Provisions and contingencies
- Note 27 Measurement of fair values of financial derivative

### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entities (together referred to as the “Group”) and the Group’s interests in associates.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policy adopted by the Group.

##### *Jointly-controlled entities*

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group’s proportionate share of the entities’ assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

##### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group’s share of the income, expenses and equity movements of associates, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

**Thaicom Public Company Limited and its Subsidiaries**  
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*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*Gain (loss) on dilution from investment*

Dilution gains or losses that arise on shares issued by subsidiaries, jointly-controlled entities or associates to third parties are recognised in a separate component of equity as an unrealised gain (loss) on dilution of investment in the balance sheets of consolidated financial statements.

**(b) Foreign currencies**

Transactions denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing at the report date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to equity. On disposal of a foreign entity, accumulated currency translation differences are recognised as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the balance sheet date.

**(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**Thaicom Public Company Limited and its Subsidiaries**  
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**(d) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are a component of operating activities for the purpose of the statement of cash flows.

**(e) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred and recognised in the statement of income as administrative expenses.

**(f) Inventories**

Inventories are stated at the lower of cost or net realisable value.

Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as taxes and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

**(g) Investments**

*Investments in subsidiaries, jointly-controlled entities and associates*

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

**(h) Property and equipment**

All property and equipment is initially recorded at cost, and subsequently stated at historical cost less accumulated depreciation and loss from impairment. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual values over its estimated useful life as follows:

Leasehold land	30 years
Buildings and improvements	5-10 years
Equipment	5-10 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3-5 years
Motor vehicles	5 years

The Group does not provide depreciation on assets under construction.

**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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Borrowing costs to finance the construction of property and equipment are capitalised during the period of time that is required to complete and prepare the property and equipment for its intended use as part of the cost of the asset. The borrowing cost includes interest on bank overdrafts, short-term and long-term borrowings, amortisation of discounted bills of exchange, amortisation of deferred financial expenses and related taxes.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The estimated recoverable amount is the higher of the anticipated, discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset, less any cost of disposal.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining in operating profit.

Repair and maintenance expenses are charged to the income statements during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

**(i) *Property and equipment under agreements for operation***

Property and equipment under agreements for operation comprises satellites, commanding and monitoring stations, and other operational equipment, where title has been transferred to the Government agency. They are amortised using the straight-line method over the shorter of the estimated useful lives of satellites and other related assets, or the operation period, ranging from 5 to 27.5 years. Property and equipment under agreements for operation is not revalued. Its carrying amount is reviewed annually and adjusted for impairment where it is considered necessary.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The estimated recoverable amount is the higher of the anticipated, discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset, less any cost of disposal.

**(j) *Deferred charges***

Deferred charges principally represent rights to the use of equipment and costs of equipment provided to certain overseas customers in connection with the utilisation of transponder services. The rights to the use of the equipment is amortised using the straight-line method over 5 years. The cost of equipment provided to certain overseas customers in connection with the utilisation of transponder services, which is a transfer of equipment to customers at the end of the service agreement, is amortised on the straight-line basis over the period of each service agreement.

**(k) *Intangible assets***

*Goodwill*

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition

**Thaicom Public Company Limited and its Subsidiaries**  
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*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

The cost of other intangible assets comprises the development of IPSTAR technology, expenditure on acquired software, patents, trademarks and licenses and is amortised using the straight-line method over their period of their benefits of related assets for a period of 5 to 15.75 years.

Specific software is recognised as assets when acquired and operated to intend purposes and is amortised using the straight-line method over their expected benefits for a period of 3 - 5 years.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line method over the period of their expected benefit, not exceeding 20 years.

**Thaicom Public Company Limited and its Subsidiaries**  
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**(l) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Goodwill and other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

*Calculation of recoverable amount*

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(m) Long-term lease agreements**

*Leases - where the Group is the lessee*

Leases of property and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance charge is charged to the income statements over the lease period. The property and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

**Thaicom Public Company Limited and its Subsidiaries**  
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When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

*Leases - where the Group is the lessor*

Assets leased out under operating leases are included in property and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight-line basis over the lease term.

**(n) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(p) Employee Benefit**

The Group operates a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund which is managed by external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statements of income in the year to which they relate. However, the Group does not provide for employment benefits payable to employees under the Thai Labour Law.

Warrants granted to directors and employees of the Group are recognised when they are exercised.

**(q) Provisions**

Provisions are recognised when there is a probability that the Group's resource will be required to settle. Provisions are measured at the present value at the reporting date.

*Warranties*

A provision for warranties is recognised when the underlying or services are sold. The provision is based on historical expense related to warranty data and a weighting of all possible outcomes against their associated probabilities.

**(r) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

**Thaicom Public Company Limited and its Subsidiaries**  
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Revenue and cost of sales of gateway equipment with installation are recognised using the percentage of completion method. The stage of completion is measured by reference to the related contract costs incurred for work performed to date compared with the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from rendering transponder services and services related to the satellite business, internet services, and other business related to the Internet business, and telephone services is recognised when the said services are provided to customers and there are certainties regarding recovery of the consideration due.

Revenue from leases on equipment is recognised over the period and at the rate of the leasing contract.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

*Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

(s) **Expenses**

*Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(t) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**Thaicom Public Company Limited and its Subsidiaries**  
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*Deferred tax*

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**4 Related party transactions and balances**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is controlled by Shin Corporation Public Company Limited (“Shin”) (incorporated in Thailand), which owns 41.14% (2009: 41.14%) of the Company’s shares. Transactions with Shin Group, Cedar Group, Aspen Group, and Temasek Group are recognised as related party transactions of the Group.

Sales and service transactions with related parties were conducted under normal commercial terms and conditions, which were the same as for other customers. Consulting and management services were charged at an agreed percentage of assets. Transactions between the Company and Codespace, Inc. were conducted based on hourly rates plus reimbursement of actual expenses.

**Thaicom Public Company Limited and its Subsidiaries**  
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Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Revenues</b>				
<b>Revenues from sale of goods and rendering of services</b>				
Subsidiaries	-	-	900,367	1,076,114
Associate	13,513	10,226	13,378	9,713
Jointly-controlled entities	20,181	23,473	3,025	16,316
Related parties under common control	63,726	70,892	54,127	56,643
Other related parties	1,321	1,011	-	-
<b>Other income</b>				
Subsidiaries	-	-	135,536	76,293
Jointly-controlled entities	1,008	840	2,058	1,714
<b>Total revenue</b>	<b>99,749</b>	<b>106,442</b>	<b>1,108,491</b>	<b>1,236,793</b>
<b>Expenses</b>				
<b>Purchases of goods and services</b>				
Subsidiaries	-	-	41,979	30,683
Associate	9,853	13,168	9,783	11,211
Jointly-controlled entities	3,758	4,153	7,669	8,475
Related parties under common control	49	494	49	486
Other related parties	22,659	19,907	13,432	15,316
<b>Selling and administrative expenses</b>				
Parent company	-	98	-	-
Subsidiaries	-	-	4,044	2,409
Associate	4,034	2,374	3,047	2,295
Jointly-controlled entities	659	(532)	1,251	(1,114)
Related parties under common control	28,772	26,742	14,146	18,333
Other related party	317	3,977	-	-
Directors and management benefit expenses	43,281	44,142	42,777	43,606
<b>Total expenses</b>	<b>113,382</b>	<b>114,523</b>	<b>138,177</b>	<b>131,700</b>

**Thaicom Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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Balance as at 31 December 2010 and 2009 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable and accrued income - related parties</b>				
<b>Trade accounts receivable - related parties</b>				
Subsidiaries	-	-	37,683	146,050
Associate	-	1,355	-	1,352
Jointly-controlled entities	20,973	8,883	2,309	4,394
Related parties under common control	7,495	7,600	4,551	5,062
Other related party	520	780	-	-
<b>Total</b>	<b>28,988</b>	<b>18,618</b>	<b>44,543</b>	<b>156,858</b>
<b>Accrued income - related parties</b>				
Subsidiaries	-	-	199,215	255,240
Associate	2,487	2,880	2,487	2,880
Jointly-controlled entities	1,372	1,029	1,478	117
Related parties under common control	4,476	4,470	4,287	4,470
<b>Total</b>	<b>8,335</b>	<b>8,379</b>	<b>207,467</b>	<b>262,707</b>
<b>Total trade accounts receivable and accrued income - related parties</b>	<b>37,323</b>	<b>26,997</b>	<b>252,010</b>	<b>419,565</b>
<b>Amounts due from related parties</b>				
Parent Company	98	-	98	-
Subsidiaries	-	-	37,486	14,612
Associate	924	-	924	-
Jointly-controlled entities	458	1,102	84,473	86,072
<b>Total</b>	<b>1,480</b>	<b>1,102</b>	<b>122,981</b>	<b>100,684</b>
<b>Other current assets - related parties</b>				
Subsidiaries	-	-	11,771	1,733
Jointly-controlled entities	186	-	313	-
Related parties under common control	16	4	16	4
<b>Total</b>	<b>202</b>	<b>4</b>	<b>12,100</b>	<b>1,737</b>
<b>Long-term loans and advance to a subsidiary and an associate</b>				
Subsidiary	-	-	208,540	334,076
<b>Total</b>	<b>-</b>	<b>-</b>	<b>208,540</b>	<b>334,076</b>

As at 31 December 2010, the long-term loan to a subsidiary bears interest at the rate of 6.00 – 6.73% per annum (2009: 3.76-6.73% per annum) and is repayable within three months.

**Thaicom Public Company Limited and its Subsidiaries**  
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Movement of long-term loan and advance to subsidiaries for the years ended 31 December 2010 and 2009 were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>At 1 January</b>	-	-	<b>334,076</b>	<b>168,805</b>
Increase	-	-	-	228,215
Decrease	-	-	(103,359)	(50,736)
Unrealised loss on exchange rate	-	-	(22,177)	(12,208)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>208,540</b>	<b>334,076</b>

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Trade accounts payable</b>				
<b>- related parties</b>				
Subsidiaries	-	-	726	2,110
Associate	11,546	21,978	11,518	21,525
Jointly-controlled entities	274	250	332	332
Related parties under common control	7,974	4,743	417	4,610
Other related party	-	2,284	-	2,284
<b>Total</b>	<b>19,794</b>	<b>29,255</b>	<b>12,993</b>	<b>30,861</b>

<b>Amounts due to related parties</b>				
Subsidiaries	-	-	49,469	41,348
Jointly-controlled entities	82	333	167	670
Related parties under common control	887	4,377	879	1,063
Other related parties	2,666	2,297	2,063	1,341
<b>Total</b>	<b>3,635</b>	<b>7,007</b>	<b>52,578</b>	<b>44,422</b>

<b>Account payable - property and equipment - related parties</b>				
Subsidiaries	-	-	-	4,428
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,428</b>

<b>Advances receipts from customers</b>				
<b>- related parties</b>				
Subsidiary	-	-	-	36,236
Associate	46	185	-	-
Jointly-controlled entities	-	171	-	336
Related parties under common control	11	26	-	-
<b>Total</b>	<b>57</b>	<b>382</b>	<b>-</b>	<b>36,572</b>

<b>Accrued expenses - related parties</b>				
Subsidiaries	-	-	33,952	27,825
Associate	268	21	268	21
Jointly-controlled entities	890	328	1,815	670
Related parties under common control	710	1,835	303	548
<b>Total</b>	<b>1,868</b>	<b>2,184</b>	<b>36,338</b>	<b>29,064</b>

**Thaicom Public Company Limited and its Subsidiaries**  
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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Other current liabilities</b>				
<b>- related parties</b>				
Subsidiaries	-	-	58	-
Related parties under common control	160	160	160	160
<b>Total</b>	<b>160</b>	<b>160</b>	<b>218</b>	<b>160</b>
<b>Other non-current liabilities</b>				
<b>- related parties</b>				
Jointly-controlled entities	40	40	54	54
<b>Total</b>	<b>40</b>	<b>40</b>	<b>54</b>	<b>54</b>

**Warrants of Shin Corporation Public Company Limited granted to an executive director of the Company**

Shin Corporation Public Company Limited, the parent company, issued warrants which are in registered form, are non-transferable and have no offering price, to directors who are management of the Company. The term of the warrant is not exceeding five years. As at 31 December 2010, the details were as follow:

	Issued date	Issued (units)	Exercise ratio (unit : share)	Exercise price (Baht/share)	Exercise period	
					First	Last
ESOP - Grant I	27 March 2002	18,336,300	1: 1.06942	16.645	Expired on 26 March 2007	
ESOP - Grant II	30 May 2003	12,222,100	1: 1.13918	11.999	Expired on 29 May 2008	
ESOP - Grant III	31 May 2004	8,823,100	1: 1.20475	30.222	Expired on 30 May 2009	
ESOP - Grant IV	31 May 2005	8,329,800	1: 1.29023	32.367	Expired on 30 May 2010	
ESOP - Grant V	31 July 2006	7,823,000	1: 1.32042	28.536	31 July 2007	30 July 2011

**Directors' remuneration**

The directors' remuneration represent monthly compensation, annual remuneration, and meeting fees whereas the directors benefit approved by the shareholders of the Company at their Annual General Meetings. The directors' remuneration is as part of directors and management benefit expenses presented in the statement of income.

**Commitments with related parties**

As at 31 December 2010, the Company had issued letters of comfort to the bankers of subsidiaries. Under the terms of the letters of comfort, the Company must hold its interests in its subsidiaries at the ratio as specified in the letters. The Company also confirms to the banks that the Company will provide necessary financial support to these subsidiaries to ensure that these subsidiaries will be able to meet their repayment obligations under their related loan agreements.

**Thaicom Public Company Limited and its Subsidiaries**  
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**Significant agreements with related parties**

- a. The Company had entered into an agreement with an associated company, under which the associate was committed to provide uplink data service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately Baht 16.79 million (31 December 2009: approximately Baht 10.03 million).
- b. The Company had entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to responsible for ensuring the IPSTAR gateway system in Cambodia perform in accordance with the industry standard and provide maintenance service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately USD 0.40 million (31 December 2009: approximately USD 0.64 million).
- c. The Company and subsidiary had entered into agreements with subsidiaries, under which the Company and subsidiaries were committed to pay royalty fee 1% of revenue from sale or lease of IPSTAR gateway, 1% of revenue from sale or lease of IPSTAR User terminal and 3% of revenue from sale or service of Thaicom 4 bandwidth.
- d. The Company had entered into agreements with subsidiaries, associate and jointly-controlled entities, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries, associate and jointly-controlled entities were committed to pay the Company for the service of the agreements at approximately USD 134.75 million and Baht 7.56 million (31 December 2009: approximately USD 147.43 million and Baht 7.56 million). The service fees of some contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.

**5 Cash and Cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Cash on hand	66,725	48,580	36,484	27,324
Current accounts and saving deposits held at call with banks	823,318	568,008	298,565	130,929
Fixed deposits	381,877	181,051	183,390	-
<b>Total</b>	<b><u>1,271,920</u></b>	<b><u>797,639</u></b>	<b><u>518,439</u></b>	<b><u>158,253</u></b>
The weighted average interest rate of deposit held banks and fixed deposits	<b><u>1.93%</u></b>	<b><u>1.41%</u></b>	<b><u>0.11%</u></b>	<b><u>0.25%</u></b>

**Thaicom Public Company Limited and its Subsidiaries**  
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**6 Trade accounts receivable and accrued income**

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in thousand Baht)</i>					
<i>Trade accounts receivable</i>					
Related parties	4	28,988	18,618	44,543	156,858
Other parties		1,189,904	1,229,709	637,604	534,141
<b>Total</b>		<b>1,218,892</b>	<b>1,248,327</b>	<b>682,147</b>	<b>690,999</b>
<i>Accrued income</i>					
Related parties	4	8,335	8,379	207,467	262,707
Other parties		85,947	214,816	76,877	180,661
<b>Total</b>		<b>94,282</b>	<b>223,195</b>	<b>284,344</b>	<b>443,368</b>
<b>Total trade accounts receivable and accrued income</b>		<b>1,313,174</b>	<b>1,471,522</b>	<b>966,491</b>	<b>1,134,367</b>
Less allowance for doubtful accounts		(290,432)	(424,967)	(193,848)	(252,036)
<b>Total</b>		<b>1,022,742</b>	<b>1,046,555</b>	<b>772,643</b>	<b>882,331</b>
<b>(Reversal of) bad and doubtful debts expenses for the year</b>		<b>43,556</b>	<b>(86,814)</b>	<b>48,247</b>	<b>(108,342)</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>(in thousand Baht)</i>				
Within credit terms	483,600	273,955	277,359	140,411
Overdue:				
Less than 3 months	242,573	312,290	105,846	157,066
3 - 6 months	91,644	131,377	75,169	64,681
6 - 12 months	86,555	83,822	28,528	43,419
Over 12 months	314,520	446,883	195,245	285,422
<b>Total</b>	<b>1,218,892</b>	<b>1,248,327</b>	<b>682,147</b>	<b>690,999</b>
Less allowance for doubtful accounts	(290,432)	(424,967)	(193,848)	(252,036)
<b>Net</b>	<b>928,460</b>	<b>823,360</b>	<b>488,299</b>	<b>438,963</b>

The normal credit terms were granted by the Group ranging 30 days to 60 days. As at 31 December 2010, 69% of the total trade accounts receivable of the Company is the government sector (2009: 40%).

**Thaicom Public Company Limited and its Subsidiaries**  
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**7 Inventories**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Raw material and supplies	72,980	71,055	59,497	63,777
Work in process	8,261	7,497	-	-
Finished goods	396,768	326,967	237,976	164,874
Goods in transit	11,504	83,254	10,954	86,112
	<u>489,513</u>	<u>488,773</u>	<u>308,427</u>	<u>314,763</u>
<i>Less</i> allowance for obsolete inventories	(76,501)	(57,648)	(49,909)	(39,844)
<b>Total</b>	<b><u>413,012</u></b>	<b><u>431,125</u></b>	<b><u>258,518</u></b>	<b><u>274,919</u></b>

**8 Other current assets**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
VAT receivable	-	4,120	-	-
Prepaid expenses	61,927	73,393	11,635	11,562
Advance payments	51,540	61,382	32,976	38,234
Deposits	37,616	20,040	10,520	10,148
Others	109,997	110,377	60,750	30,967
	<u>261,080</u>	<u>269,312</u>	<u>115,881</u>	<u>90,911</u>
<i>Less</i> impairment of assets	(7,453)	(2,479)	-	-
<b>Total</b>	<b><u>253,627</u></b>	<b><u>266,833</u></b>	<b><u>115,881</u></b>	<b><u>90,911</u></b>

**9 Investments in subsidiaries, jointly-controlled entities and associates**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2010	2009	2010	2009
		<i>(in thousand Baht)</i>			
At 1 January		418,505	380,791	813,500	795,788
Share of net profits of investments - equity method		169,629	124,627	-	-
Acquisition of ordinary shares		-	-	16,700	17,712
Unrealised gain from decrease in shareholding in an associate		1,182	3,123	-	-
Dividend income	9 d),f)	(130,052)	(90,036)	-	-
<b>At 31 December</b>		<b><u>459,264</u></b>	<b><u>418,505</u></b>	<b><u>830,200</u></b>	<b><u>813,500</u></b>

**Thaicom Public Company Limited and its Subsidiaries**  
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Investments in subsidiaries, jointly-controlled entities and associate as at 31 December 2010 and 2009 and dividend income from those investments for the years ended 31 December 2010 and 2009 were as follows:

	<b>Consolidated financial statements</b>													
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity-net		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(%)						<i>(in million Baht)</i>							
<i>Associate</i>														
CS Loxinfo Public Company Limited	42.19	42.56	148	160	1,482	1,482	459	419	-	-	459	419	130	90
<b>Total</b>					<b>1,482</b>	<b>1,482</b>	<b>459</b>	<b>419</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>419</b>	<b>130</b>	<b>90</b>

**Thaicom Public Company Limited and its Subsidiaries**  
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	Ownership interest		Paid-up capital		Separate financial statements							
	2010	2009	2010	2009	Cost method		Impairment		At cost - net		Dividend income	
	(%)				2010	2009	2010	2009	2010	2009	2010	2009
<i>Subsidiaries</i>												
DTV Service Company Limited	100.00	100.00	Baht 399 million	Baht 399 million	399	399	-	-	399	399	70	-
Spacecode LLC	70.00	70.00	USD 4 million	USD 4 million	119	119	-	-	119	119	-	-
iPSTAR Company Limited	99.94	99.68	USD 2 million	USD 2 million	152	136	-	-	152	136	-	-
Star Nucleus Company Limited	70.00	70.00	-	-	-	-	-	-	-	-	-	-
IPSTAR International Pte Limited	100.00	100.00	SGD 20,000	SGD 20,000	1	1	-	-	1	1	-	-
IPSTAR Global Services Company Limited	100.00	100.00	USD 20,000	USD 20,000	1	1	-	-	1	1	-	-
Cambodian DTV Network Company Limited	100.00	100.00	USD 600,000	USD 600,000	21	21	-	-	21	21	-	-
<i>Jointly-controlled entity</i>												
Shenington Investments Pte Limited	51.00	51.00	SGD 15 million	SGD 15 million	137	137	-	-	137	137	-	84
<b>Total</b>					<b>830</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>830</b>	<b>814</b>	<b>70</b>	<b>84</b>

**Thaicom Public Company Limited and its Subsidiaries**  
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The following summarised financial information on associated companies which have been accounted for using the equity method.

	Ownership (%)	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities <i>(in million Baht)</i>	Total liabilities	Total revenues	Total expenses	Net profit/(loss)
<b>2010</b>										
CS Loxinfo Public Company Limited	42.19	317	531	848	(291)	(70)	(361)	1,140	(932)	169
<b>Total</b>		<b>317</b>	<b>531</b>	<b>848</b>	<b>(291)</b>	<b>(70)</b>	<b>(361)</b>	<b>1,140</b>	<b>(932)</b>	<b>169</b>
<b>2009</b>										
CS Loxinfo Public Company Limited	42.56	310	534	844	(294)	(103)	(397)	1,113	(946)	123
<b>Total</b>		<b>310</b>	<b>534</b>	<b>844</b>	<b>(294)</b>	<b>(103)</b>	<b>(397)</b>	<b>1,113</b>	<b>(946)</b>	<b>123</b>

**Thaicom Public Company Limited and its Subsidiaries**  
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The following amounts represent 51% share of the assets, liabilities, revenues and net profit(loss) of the Shenington group which include share of Mfone Company Limited and Lao Telecommunications Company Limited of 51% and 24.99%, respectively which have been included in the consolidated financial statements.

	Ownership (%)	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities <i>(in million Baht)</i>	Total liabilities	Total revenues	Total expenses	Net profit/(loss)
<b>2010</b>										
Group of Shenington Investments Pte Limited	51	428	4,117	4,545	(2,287)	(358)	(2,645)	1,524	(1,857)	(372)
<b>Total</b>		<b>428</b>	<b>4,117</b>	<b>4,545</b>	<b>(2,287)</b>	<b>(358)</b>	<b>(2,645)</b>	<b>1,524</b>	<b>(1,857)</b>	<b>(372)</b>
<b>2009</b>										
Group of Shenington Investments Pte Limited	51	588	4,724	5,312	(1,413)	(1,491)	(2,904)	2,243	(1,934)	214
<b>Total</b>		<b>588</b>	<b>4,724</b>	<b>5,312</b>	<b>(1,413)</b>	<b>(1,491)</b>	<b>(2,904)</b>	<b>2,243</b>	<b>(1,934)</b>	<b>214</b>

**Thaicom Public Company Limited and its Subsidiaries**  
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Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2010 were as follows:

*Subsidiaries*

**a) Acquisition of additional ordinary shares in IPSTAR Company Limited (“IPST”)**

On 14 May 2010, THCOM acquired an additional 512,902 ordinary shares in IPSTAR at USD 1 per share, equivalent to 0.26% of the paid-up share capital of IPST, at a total price of USD 512,902. As a result of this acquisition, the company owns interest in IPST 99.94%.

**b) Dividend payment of DTV Service Company Limited (“DTV”)**

At the Board of Directors’ meeting of DTV held on 13 December 2010, the directors passed a resolution to approve the interim dividends of Baht 1.75 per share, totalling Baht 70 million. The dividend was paid on 29 December 2010.

*Jointly-controlled entity*

**c) Dividend payment of Lao Telecommunications Company Limited (“LTC”)**

At the Annual General Meeting of the shareholders of LTC held on 9 February 2010, the shareholders approved the appropriation of dividend from 2009 operation of USD 30 million which including interim dividend of USD 10 million. The interim dividend of USD 10 million was paid on 4 March 2010.

At the Extraordinary Meeting of the shareholders of LTC held on 14 July 2010, the shareholders approved the additional appropriation of dividend from 2009 operation from USD 30 million to USD 35 million.

*Associate*

**d) Dividend payment of CS Loxinfo Public Company Limited (“CSL”)**

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the appropriation of dividend payment for the last seven-month of 2009 of the CSL of Baht 0.27 per share, amounting to Baht 158.67 million. The dividend was paid on 4 May 2010.

At the Board of Directors’ meeting of CSL held on 10 August 2010, the directors passed a resolution to approve the interim dividends of Baht 0.25 per share, totalling Baht 147.58 million. The dividend was paid on 7 September 2010.

**e) Increase and reduction of share capital of CS Loxinfo Public Company Limited (“CSL”)**

*Increase of share capital of CS Loxinfo Public Company Limited (“CSL”)*

At the annual general meeting of the shareholders of CSL held on 7 April 2010, a resolution was passed to approve the issuance of 2,750,000 additional ordinary shares to reserve for the change in the exercise ratio for ESOP Grant II, Grant III, Grant IV and Grant V, equivalent to 0.43% of the total issued and paid-up share capital of CSL. CSL has registered the increased share capital to the Ministry of Commerce on 28 April 2010.

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*Reduction of share capital of CS Loxinfo Public Company Limited (“CSL”)*

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the reduction the ordinary shares because the warrant of CSL for ESOP-Grant I expired on 13 May 2009 in number of 5,678,038 shares, equivalent to 0.89% of the total issued and paid-up shares capital of CSL. CSL has registered the decreased share capital to the Ministry of Commerce on 28 April 2010.

*Shares written off and a decrease in paid-up capital of CS Loxinfo Public Company Limited (“CSL”)*

At the Board of Directors’ meeting of CSL held on 10 November 2010, the directors approved a resolution to write off treasury shares. Under the Ministerial Regulation concerning treasury stock, CSL is required to dispose of all of its repurchased shares within 3 years of the repurchase. The period for CSL to dispose of the repurchased shares expired on 22 November 2010. Accordingly CSL wrote off treasury shares of 51.7 million shares, or Baht 12.9 million, which is equal to 8.04 % of the paid-up capital before cancellation. CSL has reduced its paid-up capital from 642,686,869 shares at 0.25 each, amounting to Baht 160,671,717.25, to 590,986,869 shares at Baht 0.25 each, amounting to Baht 147,746,717.25. CSL has registered the reduced paid-up capital to the Ministry of Commerce on November 26, 2010.

Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2009 were as follows:

***Subsidiaries***

**a) Increase of share capital of Cambodian DTV Network Company Limited**

On 10 April 2009, Cambodian DTV Network Company Limited (“CDN”) registered additional capital with the Ministry of Commerce of Cambodia for Cambodian Riel 2,000 million (USD 500,000) from registered share capital Cambodian Riel 400 million (USD 100,000), divided into 1,000 shares of Cambodian Riel 400,000 each (USD 100) to be registered share capital of Cambodian Riel 2,400 million (USD 600,000), divided into 1,000 shares of Cambodian Riel 2,400,000 each (USD 600).

**b) Additional share capital of IPSTAR New Zealand Company Limited**

In June 2009, at the board of directors’ meeting and the extraordinary shareholders meeting of IPSTAR New Zealand Company Limited passed the resolution to approve the increase of share capital of USD 4 million (approximately NZD 6.01 million) from registered share capital NZD 2.5 million to be registered share capital NZD 8.51 million, divided into 8,514,133 shares of NZD 1 each. The additional share capital was registered with the Ministry of Commerce of New Zealand on 21 August 2009.

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*Jointly-controlled entities*

**c) Dividend payment of Lao Telecommunications Company Limited (“LTC”)**

At the Annual General Meeting of the shareholders of LTC held on 3 February 2009, the shareholders approved the appropriation of dividend from 2008 operation of USD 25 million which including interim dividend of USD 10 million, approved at the Extraordinary General Meeting of shareholders 1/2008 held on 26 July 2008. The final dividend of USD 15 million was paid on 13 February 2009 and 17 February 2009.

At the Extraordinary General Meeting of the shareholders No. 1/2009, held on 14 July 2009, of LTC, the shareholders approved the appropriation of interim dividend from 2009 operation of USD 10 million

**d) Additional share capital of Mfone Company Limited**

On 8 January 2009, Mfone Company Limited (“Mfone”) registered additional share capital with the Ministry of Commerce of Cambodia. The board of director passed a resolution to approve the increase of ordinary share of USD 4.8 million from USD 19.2 million to USD 24 million, comprise of 24 million ordinary shares at USD 1 each.

**e) Dividend payment of Shenington**

On 3 March 2009, the Board of Directors of Shenington Investments Pte Limited passed the circulation of resolution to approve the appropriation of interim dividends of SGD 0.4844 per share, amounting to SGD 7.1 million in respect of the Company’s operation in 2008.

*Associates*

**f) Dividend payment of CS Loxinfo Public Company Limited (“CSL”)**

At the Annual General Meeting of the shareholders of CSL held on 8 April 2009, the shareholders approved the appropriation of dividend payment for the last seven-month operation of 2008 of the Company of Baht 0.22 per share, amounting to Baht 127 million. The dividend was paid on 6 May 2009.

On 11 August 2009, the Board of Directors’ meeting of CSL passed a resolution to approve the interim dividends of Baht 0.14 per share, totaling amount of Baht 81.62 million. CSL paid dividend to shareholders on 8 September 2009.

**Commitments**

According to the joint venture agreement between the Group and the Government of the Lao People’s Democratic Republic, the Group must transfer all of LTC’s shares to the Government of the Lao People’s Democratic Republic, without any charges or compensation, on the expiration date of the joint venture agreement in 2021.

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**10 Property and equipment**

	<b>Consolidated financial statements</b>				Total
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	
	<i>(in thousand Baht)</i>				
<b>As at 31 December 2009</b>					
Cost	426,933	8,700,471	506,598	1,016,144	10,650,146
<i>Less</i> accumulated depreciation	(154,373)	(4,094,967)	(326,365)	-	(4,575,705)
<i>Less</i> accumulated impairment loss	-	(28,592)	-	-	(28,592)
<b>Net book value</b>	<b><u>272,560</u></b>	<b><u>4,576,912</u></b>	<b><u>180,233</u></b>	<b><u>1,016,144</u></b>	<b><u>6,045,849</u></b>
<b>Transactions during the year ended 31 December 2010</b>					
Opening net book value	272,560	4,576,912	180,233	1,016,144	6,045,849
Additions	5,891	237,486	69,634	407,393	720,404
Disposals, net	-	(2,024)	(748)	-	(2,772)
Write-offs, net	(1,500)	(12,535)	(773)	(3,005)	(17,813)
Transfers, net	(8,542)	577,698	9,134	(590,420)	(12,130)
Depreciation charges	(38,472)	(1,005,920)	(68,422)	-	(1,112,814)
Foreign currency translation adjustment	(54)	(271,870)	(9,623)	(76,531)	(358,078)
<b>Closing net book value</b>	<b><u>229,883</u></b>	<b><u>4,099,747</u></b>	<b><u>179,435</u></b>	<b><u>753,581</u></b>	<b><u>5,262,646</u></b>

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	<b>Consolidated financial statements</b>				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	<i>(in thousand Baht)</i>				
<b>As at 31 December 2010</b>					
Cost	424,669	8,951,218	533,243	753,581	10,662,711
<i>Less</i> accumulated depreciation	(194,786)	(4,822,880)	(353,808)	-	(5,371,474)
<i>Less</i> accumulated impairment loss	-	(28,591)	-	-	(28,591)
<b>Net book value</b>	<b><u>229,883</u></b>	<b><u>4,099,747</u></b>	<b><u>179,435</u></b>	<b><u>753,581</u></b>	<b><u>5,262,646</u></b>
<b>Net book value</b>					
<b>At 1 January 2009</b>					
Owned assets	229,703	3,894,535	151,307	1,230,355	5,505,900
Assets under finance leases	-	-	9,349	-	9,349
	<b><u>229,703</u></b>	<b><u>3,894,535</u></b>	<b><u>160,656</u></b>	<b><u>1,230,355</u></b>	<b><u>5,515,249</u></b>
<b>At 31 December 2009 and 1 January 2010</b>					
Owned assets	272,560	4,576,912	170,393	1,016,144	6,036,009
Assets under finance leases	-	-	9,840	-	9,840
	<b><u>272,560</u></b>	<b><u>4,576,912</u></b>	<b><u>180,233</u></b>	<b><u>1,016,144</u></b>	<b><u>6,045,849</u></b>
<b>At 31 December 2010</b>					
Owned assets	229,883	4,099,747	153,732	753,581	5,236,943
Assets under finance leases	-	-	25,703	-	25,703
	<b><u>229,883</u></b>	<b><u>4,099,747</u></b>	<b><u>179,435</u></b>	<b><u>753,581</u></b>	<b><u>5,262,646</u></b>

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 2,363.32 million (2009: Baht 2,423.81 million).

As at 31 December 2010 the accumulated impairment loss of Baht 28.6 million (2009: Baht 28.6 million) comprised an impairment loss for analogue mobile telephone network of a jointly controlled entity which ceased its operation in 2005 amounting to Baht 16.2 million and an impairment loss for rural telephone network of another jointly controlled entity amounting to Baht 12.4 million.

As at 31 December 2010, net book value of property and equipment includes property and equipment under agreements for operation of a jointly-controlled entity, Mfone Company Limited ("Mfone"), of approximately Baht 2,317.96 million (2009: Baht 2,972.61 million). According to the agreement, Mfone must transfer its ownership of the property and equipment to the government of Cambodia on the expiration date of the agreements for operation, on 4 March 2028 (Note 28 b).

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	<b>Separate financial statements</b>				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
			<i>(in thousand Baht)</i>		
<b>As at 31 December 2009</b>					
Cost	65,288	3,428,070	211,638	6,115	3,711,111
<i>Less</i> accumulated depreciation	(45,016)	(2,273,259)	(156,931)	-	(2,475,206)
<b>Net book value</b>	<b><u>20,272</u></b>	<b><u>1,154,811</u></b>	<b><u>54,707</u></b>	<b><u>6,115</u></b>	<b><u>1,235,905</u></b>
<b>Transactions during the year ended 31 December 2010</b>					
Opening net book value	20,272	1,154,811	54,707	6,115	1,235,905
Additions	3,251	219,287	37,718	809	261,065
Disposals, net	-	(2,024)	(455)	-	(2,479)
Write-offs, net	(260)	(151)	(740)	-	(1,151)
Transfers, net	-	-	-	(6,924)	(6,924)
Depreciation charges	(4,157)	(368,969)	(24,010)	-	(397,136)
<b>Closing net book value</b>	<b><u>19,106</u></b>	<b><u>1,002,954</u></b>	<b><u>67,220</u></b>	<b><u>-</u></b>	<b><u>1,089,280</u></b>
<b>As at 31 December 2010</b>					
Cost	68,128	3,554,945	216,777	-	3,839,850
<i>Less</i> accumulated depreciation	(49,022)	(2,551,991)	(149,557)	-	(2,750,570)
<b>Net book value</b>	<b><u>19,106</u></b>	<b><u>1,002,954</u></b>	<b><u>67,220</u></b>	<b><u>-</u></b>	<b><u>1,089,280</u></b>
<b>Net book value</b>					
<b>At 1 January 2009</b>					
Owned assets	24,024	1,329,722	40,243	3,801	1,397,790
Assets under finance leases	-	-	7,928	-	7,928
	<b><u>24,024</u></b>	<b><u>1,329,722</u></b>	<b><u>48,171</u></b>	<b><u>3,801</u></b>	<b><u>1,405,718</u></b>
<b>At 31 December 2009 and 1 January 2010</b>					
Owned assets	20,272	1,154,811	45,958	6,115	1,227,156
Assets under finance leases	-	-	8,749	-	8,749
	<b><u>20,272</u></b>	<b><u>1,154,811</u></b>	<b><u>54,707</u></b>	<b><u>6,115</u></b>	<b><u>1,235,905</u></b>
<b>At 31 December 2010</b>					
Owned assets	19,106	1,002,954	42,052	-	1,064,112
Assets under finance leases	-	-	25,168	-	25,168
	<b><u>19,106</u></b>	<b><u>1,002,954</u></b>	<b><u>67,220</u></b>	<b><u>-</u></b>	<b><u>1,089,280</u></b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 1,863.68 million (2009: Baht 1,930.07 million).

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*Capital expenditure commitments*

Capital expenditure contracted but not provided for at the reporting date were as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in thousand)</i>			
IPSTAR Project	USD	270	432	270	432
	AUD	174	245	-	-
Telephone network	USD	12,296	11,323	-	-
Total	USD	<u>12,566</u>	<u>11,755</u>	<u>270</u>	<u>432</u>
	AUD	<u>174</u>	<u>245</u>	<u>-</u>	<u>-</u>
<b>Total equivalent to Thai Baht</b>		<b><u>386,089</u></b>	<b><u>401,351</u></b>	<b><u>8,169</u></b>	<b><u>14,484</u></b>

**11 Property and equipment under agreements for operation, deferred charges, and intangible assets**

	Property and equipment under agreement for operation	Consolidated financial statements			Total intangible assets
		Deferred charges	Goodwill	Other intangible assets	
		<i>(in thousand Baht)</i>			
<b>As at 31 December 2009</b>					
Cost	26,567,212	617,591	57,743	1,602,097	1,659,840
Less accumulated amortisation	<u>(11,039,424)</u>	<u>(560,125)</u>	<u>-</u>	<u>(451,771)</u>	<u>(451,771)</u>
<b>Net book value</b>	<b><u>15,527,788</u></b>	<b><u>57,466</u></b>	<b><u>57,743</u></b>	<b><u>1,150,326</u></b>	<b><u>1,208,069</u></b>
<b>Transactions during the year ended 31 December 2010</b>					
Opening net book value	15,527,788	57,466	57,743	1,150,326	1,208,069
Additions	-	732	-	11,632	11,632
Write-off	-	-	-	-	-
Transfers, net	-	-	-	-	-
Amortisation charges for the year	(1,350,662)	(17,145)	-	(106,080)	(106,080)
Foreign currency translation adjustment	-	-	-	(10,543)	(10,543)
<b>Closing net book value</b>	<b><u>14,177,126</u></b>	<b><u>41,053</u></b>	<b><u>57,743</u></b>	<b><u>1,045,335</u></b>	<b><u>1,103,078</u></b>
<b>As at 31 December 2010</b>					
Cost	21,138,175	616,765	57,743	1,600,107	1,657,850
Less accumulated amortisation	<u>(6,961,049)</u>	<u>(575,712)</u>	<u>-</u>	<u>(554,772)</u>	<u>(554,772)</u>
<b>Net book value</b>	<b><u>14,177,126</u></b>	<b><u>41,053</u></b>	<b><u>57,743</u></b>	<b><u>1,045,335</u></b>	<b><u>1,103,078</u></b>
<i>Net book value</i>					
<b>At 1 January 2009</b>	<b><u>17,069,060</u></b>	<b><u>10,065</u></b>	<b><u>57,743</u></b>	<b><u>1,223,570</u></b>	<b><u>1,281,313</u></b>
<b>At 31 December 2009 and 1 January 2010</b>	<b><u>15,527,788</u></b>	<b><u>57,466</u></b>	<b><u>57,743</u></b>	<b><u>1,150,326</u></b>	<b><u>1,208,069</u></b>
<b>At 31 December 2010</b>	<b><u>14,177,126</u></b>	<b><u>41,053</u></b>	<b><u>57,743</u></b>	<b><u>1,045,335</u></b>	<b><u>1,103,078</u></b>

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	<b>Separate financial statements</b>		
	Property and equipment under agreement for operation	Deferred charges  <i>(in thousand Baht)</i>	Intangible assets
<b>As at 31 December 2009</b>			
Cost	26,567,212	582,448	1,441,748
<i>Less</i> accumulated amortisation	(11,039,424)	(527,331)	(410,482)
<b>Net book value</b>	<b><u>15,527,788</u></b>	<b><u>55,117</u></b>	<b><u>1,031,266</u></b>
<b>Transactions during the year ended 31 December 2010</b>			
Opening net book value	15,527,788	55,117	1,031,266
Additions	-	-	11,632
Write-off, net	-	-	-
Transfers, net	-	-	-
Amortisation charges for the year	(1,350,662)	(16,176)	(94,943)
<b>Closing net book value</b>	<b><u>14,177,126</u></b>	<b><u>38,941</u></b>	<b><u>947,955</u></b>
<b>As at 31 December 2010</b>			
Cost	21,138,175	581,910	1,453,380
<i>Less</i> accumulated amortisation	(6,961,049)	(542,969)	(505,425)
<b>Net book value</b>	<b><u>14,177,126</u></b>	<b><u>38,941</u></b>	<b><u>947,955</u></b>
<i>Net book value</i>			
<b>At 1 January 2009</b>	<b><u>17,069,060</u></b>	<b><u>8,458</u></b>	<b><u>1,087,059</u></b>
<b>At 31 December 2009 and 1 January 2010</b>	<b><u>15,527,788</u></b>	<b><u>55,117</u></b>	<b><u>1,031,266</u></b>
<b>At 31 December 2010</b>	<b><u>14,177,126</u></b>	<b><u>38,941</u></b>	<b><u>947,955</u></b>

## 12 Deferred tax

Deferred tax assets and liabilities determined after appropriate off-setting are included in the balance sheets as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Deferred tax assets	1,118,532	868,081	1,025,621	763,184
Deferred tax liabilities	(130,807)	(145,589)	-	-
<b>Net</b>	<b><u>987,725</u></b>	<b><u>722,492</u></b>	<b><u>1,025,621</u></b>	<b><u>763,184</u></b>

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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The subsidiaries have tax loss carried forward to offset future taxable income, which is not recognised in the consolidated financial statements as follows:

	<b>2010</b>	<b>2009</b>
	<i>(in thousand Baht)</i>	
<i>Year expired</i>		
2010	-	42,007
2011	62,064	62,064
2012	43,629	43,629
2013	608	608
2014	16,285	16,285
2015	1,298	-
No expiry date	103,186	124,536
<b>Total</b>	<b><u>227,070</u></b>	<b><u>289,129</u></b>

Movements in deferred tax assets and liabilities during the year were as follows:

	<b>Consolidated financial statements</b>			<b>At 31 December 2010</b>
	<b>At 1 January 2010</b>	<u>Charged/(credited) to:</u>		
		Statement of income <i>(Note 24)</i>	Equity	
		<i>(in thousand Baht)</i>		
<i>Deferred tax liabilities</i>				
Amortisation assets under agreements for operation	145,589	(787)	(13,995)	130,807
Depreciation/amortisation	2,537	(217)	-	2,320
Gain on foreign exchange	(24,205)	(250)	22,100	(2,355)
Others	21,668	-	(21,633)	35
<b>Total</b>	<b><u>145,589</u></b>	<b><u>(1,254)</u></b>	<b><u>(13,528)</u></b>	<b><u>130,807</u></b>
<i>Deferred tax assets</i>				
Cumulative deficit	724,092	252,434	-	976,526
Allowance for doubtful accounts	25,579	(116)	(3,533)	21,930
Allowance for obsolete inventory	14,509	2,753	269	17,531
Depreciation	11,498	(280)	(843)	10,375
Deposits	28,214	4,052	-	32,266
Interest expense	18,393	7,323	(2,170)	23,546
Advance receipts from customers	7,171	118	(348)	6,941
Others	38,625	(3,285)	(5,923)	29,417
<b>Total</b>	<b><u>868,081</u></b>	<b><u>262,999</u></b>	<b><u>(12,548)</u></b>	<b><u>1,118,532</u></b>
<b>Net</b>	<b><u>722,492</u></b>	<b><u>264,253</u></b>	<b><u>980</u></b>	<b><u>987,725</u></b>

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	<b>Consolidated financial statements</b>			
	<b>At 1 January 2009</b>	<u>Charged/(credited) to:</u>		<b>At 31 December 2009</b>
		Statement of income (Note 24) (in thousand Baht)	Equity	
<b><i>Deferred tax liabilities</i></b>				
Deferred charges	558	(558)	-	-
Amortisation assets under agreements for operation	139,531	11,699	(5,641)	145,589
Depreciation/amortisation	2,754	(217)	-	2,537
Gain on foreign exchange	(20,690)	115	(3,630)	(24,205)
Others	17,378	4,286	4	21,668
<b>Total</b>	<b><u>139,531</u></b>	<b><u>15,325</u></b>	<b><u>(9,267)</u></b>	<b><u>145,589</u></b>
<b><i>Deferred tax assets</i></b>				
Cumulative deficit	402,262	321,830	-	724,092
Allowance for doubtful accounts	27,139	6	(1,566)	25,579
Allowance for obsolete inventory	14,555	1,832	(1,878)	14,509
Depreciation	20,167	(1,132)	(7,537)	11,498
Deposits	24,169	4,045	-	28,214
Interest expense	14,084	5,097	(788)	18,393
Advance receipts from customers	3,310	3,962	(101)	7,171
Others	64,090	(18,116)	(7,349)	38,625
<b>Total</b>	<b><u>569,776</u></b>	<b><u>317,524</u></b>	<b><u>(19,219)</u></b>	<b><u>868,081</u></b>
<b>Net</b>	<b><u>430,245</u></b>	<b><u>302,199</u></b>	<b><u>(9,952)</u></b>	<b><u>722,492</u></b>
<b><i>Separate financial statements</i></b>				
	<b>At 1 January 2010</b>	<u>Charged/(credited) to:</u>		<b>At 31 December 2010</b>
		Statement of income (Note 24) (in thousand Baht)	Equity	
<b><i>Deferred tax liabilities</i></b>				
Deferred charges	-	-	-	-
Depreciation/amortisation	2,537	(217)	-	2,320
<b>Total</b>	<b><u>2,537</u></b>	<b><u>(217)</u></b>	<b><u>-</u></b>	<b><u>2,320</u></b>
<b><i>Deferred tax assets</i></b>				
Cumulative deficit	724,092	252,434	-	976,526
Allowance for obsolete inventory	11,953	3,020	-	14,973
Deposits	28,214	4,051	-	32,265
Others	1,462	2,715	-	4,177
<b>Total</b>	<b><u>765,721</u></b>	<b><u>262,220</u></b>	<b><u>-</u></b>	<b><u>1,027,941</u></b>
<b>Net</b>	<b><u>763,184</u></b>	<b><u>262,437</u></b>	<b><u>-</u></b>	<b><u>1,025,621</u></b>

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	At 1 January 2009	Separate financial statements Charged/(credited) to:		At 31 December 2009
		Statement of income (Note 24) (in thousand Baht)	Equity	
<b><i>Deferred tax liabilities</i></b>				
Deferred charges	558	(558)	-	-
Depreciation/amortisation	2,754	(217)	-	2,537
<b>Total</b>	<b>3,312</b>	<b>(775)</b>	<b>-</b>	<b>2,537</b>
<b><i>Deferred tax assets</i></b>				
Cumulative deficit	402,262	321,830	-	724,092
Allowance for obsolete inventory	10,131	1,822	-	11,953
Deposits	24,169	4,045	-	28,214
Others	6,000	(4,538)	-	1,462
<b>Total</b>	<b>442,562</b>	<b>323,159</b>	<b>-</b>	<b>765,721</b>
<b>Net</b>	<b>439,250</b>	<b>323,934</b>	<b>-</b>	<b>763,184</b>

**13 Other non-current assets**

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Withholding taxes receivable	372,011	325,272	370,178	322,205
Tax assessment's deposits	285,718	300,125	285,718	300,125
Accounts receivable - others	41,512	44,416	15,256	15,304
	699,241	669,813	671,152	637,634
<i>Less accumulated impairment loss</i>	(38,929)	(38,929)	(38,929)	(38,929)
<b>Total</b>	<b>660,312</b>	<b>630,884</b>	<b>632,223</b>	<b>598,705</b>

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**14 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Current</b>				
<i>Short-term borrowings</i>				
Loans from financial institutions	-	7,518	-	-
Trust Receipts	-	73,820	-	73,820
Total short-term borrowings	<u>-</u>	<u>81,338</u>	<u>-</u>	<u>73,820</u>
<i>Current portion of long-term borrowings</i>				
Loans from financial institutions	190,214	178,053	-	-
Loans from others	<u>664,260</u>	<u>457,796</u>	<u>5,444</u>	<u>2,369</u>
Total current portion of long-term borrowings	<u>854,474</u>	<u>635,849</u>	<u>5,444</u>	<u>2,369</u>
<b>Non-current</b>				
<i>Long-term borrowings</i>				
Loans from financial institutions	459,725	623,466	-	-
Loans from others	<u>100,445</u>	<u>471,003</u>	<u>21,575</u>	<u>4,482</u>
Total long-term borrowings	<u>560,170</u>	<u>1,094,469</u>	<u>21,575</u>	<u>4,482</u>
<i>Long-term debentures</i>	<u>6,983,709</u>	<u>6,977,570</u>	<u>6,983,709</u>	<u>6,977,570</u>
Total non-current of long-term borrowings	<u>7,543,879</u>	<u>8,072,039</u>	<u>7,005,284</u>	<u>6,982,052</u>
<b>Total</b>	<b><u>8,398,353</u></b>	<b><u>8,789,226</u></b>	<b><u>7,010,728</u></b>	<b><u>7,058,241</u></b>

As at 31 December 2010, the short-term borrowings are borrowings of subsidiaries from a commercial bank of USD 5.1 million (2009: USD 8.5 million), bearing interest based on margins over the U.S. Dollar London Inter-Bank Offer Rate (“USD 3 mths LIBOR”) per annum. The principal will be repayable on six monthly basis. The Company had issued a letter of comfort to the bank to provide financial support (Note 4).

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*Long-term debentures*

As at 31 December 2010, the Company issued 2 tranches of Baht 7,000 million, with a par value of Baht 1,000 each, unsubordinated and unsecured with having registered and bond holders representative debentures as follow:

<b>Issue date</b>	<b>No. of units (Million)</b>	<b>Amount (Million Baht)</b>	<b>Interest rate (per annum)</b>	<b>Term of interest payment</b>	<b>Principal payment term</b>	<b>Outstanding balance as at 31 December 2010 (in million Baht)</b>
6 November 2009	3.3	3,300	5.25%	Quarterly	Entirely redeemed on 6 November 2012	3,300
6 November 2009	3.7	3,700	6.15%	Quarterly	Entirely redeemed on 6 November 2014	3,700
Total debentures						7,000
Less bond issuing cost						(16)
<b>Net</b>						<b>6,984</b>

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios

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The movements in the borrowing can be analysed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in thousand Baht)</i>					
<b>For the year ended 31 December</b>					
Opening net book value		8,789,226	9,310,029	7,058,241	8,003,191
Proceeds from short-term borrowings		-	90,869	-	73,351
Proceeds from finance leases		23,336	717	23,336	717
Proceeds from long-term borrowings, net of financial costs		115,703	292,268	-	-
Proceeds from long-term debentures		-	6,976,628	-	6,976,628
Repayment of short-term borrowings		(80,869)	(303,962)	(73,351)	-
Repayment of long-term borrowings		(351,312)	(8,497,838)	(3,168)	(8,113,781)
Amotisation of finance costs	22	6,139	494,695	6,139	494,695
Increase from change in status from accounts payable - property and equipment		15,717	844,582	-	-
Gain on exchange rate		(119,587)	(418,762)	(469)	(376,560)
<b>Closing net book value</b>		<b><u>8,398,353</u></b>	<b><u>8,789,226</u></b>	<b><u>7,010,728</u></b>	<b><u>7,058,241</u></b>

Some subsidiaries have to maintain the financial ratios restricted in the long-term agreements.

The interest rate exposure of the borrowings of the Group and the Company is as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>(in thousand Baht)</i>				
Total borrowings:				
- at fixed rates	7,042,166	7,077,903	7,010,728	7,058,241
- at floating rates	1,356,187	1,711,323	-	-
<b>Total</b>	<b><u>8,398,353</u></b>	<b><u>8,789,226</u></b>	<b><u>7,010,728</u></b>	<b><u>7,058,241</u></b>
Weighted average interest rates:				
- Loans from financial institutions	2.65%	2.25%	-	-
- Debentures	5.73%	5.73%	5.73%	5.73%

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The carrying amounts and fair value of interest-bearing liabilities are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Carrying amount	Fair value <i>(in thousand Baht)</i>	Carrying amount	Fair value
As at 31 December 2010				
Loans	<u>1,414,644</u>	<u>1,413,155</u>	<u>27,019</u>	<u>27,019</u>
Long-term debentures	<u>6,983,709</u>	<u>7,013,926</u>	<u>6,983,709</u>	<u>7,013,926</u>
As at 31 December 2009				
Loans	<u>1,811,656</u>	<u>1,796,432</u>	<u>80,671</u>	<u>80,671</u>
Long-term debentures	<u>6,977,570</u>	<u>7,014,905</u>	<u>6,977,570</u>	<u>7,014,905</u>

The fair value of non-current borrowing is estimated using discounted cash flows based on the Group's incremental borrowing rates for similar types of borrowings.

The periods to maturity of long-term borrowings and long-term debentures net of financial costs were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Later than 1 year but not later than 2 year	3,555,210	568,232	3,297,897	1,778
Later than 2 years but not later than 5 years	3,986,941	7,498,134	3,707,387	6,980,274
Later than 5 years	<u>1,728</u>	<u>5,673</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>7,543,879</u></b>	<b><u>8,072,039</u></b>	<b><u>7,005,284</u></b>	<b><u>6,982,052</u></b>

**Credit facilities**

As at 31 December 2010 available credit facilities for loans from local and overseas banks are Baht 799 million and USD 16 million (2009: Baht 1,292 million and USD 17 million).

**15 Trade accounts payable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2010	2009	2010	2009
		<i>(in thousand Baht)</i>			
Related parties	4	19,794	29,255	12,993	30,861
Other parties		<u>511,035</u>	<u>432,794</u>	<u>292,738</u>	<u>236,527</u>
<b>Total</b>		<b><u>530,829</u></b>	<b><u>462,049</u></b>	<b><u>305,731</u></b>	<b><u>267,388</u></b>

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**16 Other current liabilities**

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Deposits from customers	34,182	42,735	25,673	29,752
Other taxes	33,142	45,209	7,855	14,569
Other payables	103,683	81,178	54,552	37,168
<b>Total</b>	<b>171,007</b>	<b>169,122</b>	<b>88,080</b>	<b>81,489</b>

**17 Share capital, premium on share capital and warrants**

	Par value per share (Baht)	2010		2009	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
<b>At 31 December</b>					
ordinary shares	5	<u>1,132,082</u>	<u>5,660,412</u>	<u>1,132,082</u>	<u>5,660,412</u>
<b>Issued and paid up</b>					
<b>At 1 January</b>					
ordinary shares	5	1,095,938	5,479,688	1,095,938	5,479,688
Issue of new shares	5	-	-	-	-
<b>At 31 December</b>					
ordinary shares	5	<u>1,095,938</u>	<u>5,479,688</u>	<u>1,095,938</u>	<u>5,479,688</u>

**Warrants**

As at 31 December 2010, the Company had five ESOP schemes for the directors and employees of the Company and its subsidiaries. The warrants are in registered form and are non-transferable. The terms of the warrants do not exceed five years and there is no offering price. The exercise price and period are detailed below:

	Issued date	Issued (million units)	Exercise ratio (unit : share)	Exercise	Exercise period	
				Price (Baht/share)	First	Last
ESOP – Grant I	27 March 2002	8.00	1 : 2.04490	13.081	Expired on 26 March 2007	
ESOP – Grant II	30 May 2003	4.40	1 : 2.04490	6.279	Expired on 29 May 2008	
ESOP – Grant III	31 May 2004	5.89	1 : 1.02245	13.913	Expired on 30 May 2009	
ESOP – Grant IV	31 May 2005	7.56	1 : 1.02245	16.441	Expired on 30 May 2010	
ESOP - Grant V	31 May 2006	10.03	1 : 1.00000	11.870	31 May 2007	30 May 2011

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Movements in the number of warrants outstanding for the years ended 31 December 2010 are as follows:

	Balance at 1 January 2010	Issue during the period	Exercise during the period	Expired during the period	Balance at 31 December 2010
<b>ESOP - Grant IV</b>					
Directors	2,967	-	-	(2,967)	-
Employees	4,595	-	-	(4,595)	-
<b>Total</b>	<b>7,562</b>	<b>-</b>	<b>-</b>	<b>(7,562)</b>	<b>-</b>
<b>ESOP - Grant V</b>					
Directors	1,099	-	-	-	1,099
Employees	8,934	-	-	-	8,934
<b>Total</b>	<b>10,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,033</b>
<b>Grand Total</b>	<b>17,595</b>	<b>-</b>	<b>-</b>	<b>(7,562)</b>	<b>10,033</b>

Compensation costs related to the warrants are not recognised in these financial statements for the fair value of the non-exercised warrants granted.

## 18 Additional paid-in capital and reserves

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### *Currency translation changes*

The currency translation changes recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### *Currency translation differences*

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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**19 Segment information**

Segment information is presented in respect of the Group's business and geographic segments based on the Group's management and internal reporting structure.

***Business segments***

The Group comprises the following main business segments:

- Segment 1 Services relating to the satellite business and the transponder services segment
- Segment 2 Sales and services relating to the internet and media business
- Segment 3 Sales and services relating to the telephone network business in Cambodia and the Lao People's Democratic Republic.
- Segment 4 Others

***Geographic segments***

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The areas of operation in Thailand are principally satellite business services, internet and media services and printing and publishing of business telephone directories services. Cambodia and Lao PDRs' main activities are sales and services relating to telephone network business and satellite business services. Australia main activities are sales and services relating to satellite business.

The Group comprises the following main geographic segments:

- Segment 1 Thailand
- Segment 2 Cambodia
- Segment 3 The Lao People's Democratic Republic.
- Segment 4 Australia
- Segment 5 China
- Segment 6 India
- Segment 7 Others

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Business segment results

	Satellite business services		Internet services and media		Telephone network		Others		Consolidation eliminations		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in thousand Baht)</i>											
Revenues	4,627,394	4,548,178	642,747	543,517	1,466,762	2,146,602	-	-	(37,150)	(49,933)	6,699,753	7,188,364
Shares of net results from associate	-	-	169,629	124,627	-	-	-	-	-	-	169,629	124,627
Cost of sales and services	(3,978,254)	(4,296,093)	(515,427)	(532,261)	(1,377,288)	(1,344,766)	-	-	20,399	45,221	(5,850,570)	(6,127,899)
Selling and administrative expenses	<u>(990,936)</u>	<u>(722,541)</u>	<u>(132,310)</u>	<u>(108,326)</u>	<u>(290,741)</u>	<u>(293,018)</u>	<u>(60,899)</u>	<u>(60,551)</u>	<u>14,487</u>	<u>7,353</u>	<u>(1,460,399)</u>	<u>(1,177,083)</u>
Segment results	(341,796)	(470,456)	164,639	27,557	(201,267)	508,818	(60,899)	(60,551)	(2,264)	2,641	(441,587)	8,009
Other income											107,350	31,623
Gain (loss) on foreign exchange											<u>(90,079)</u>	<u>465,109</u>
Gain (loss) before finance cost and income tax											(424,316)	504,741
Finance cost											<u>(488,154)</u>	<u>(1,087,396)</u>
Operating loss											(912,470)	(582,655)
Income tax											129,816	111,733
Minority interests											<u>(6,279)</u>	<u>(307)</u>
<b>Net loss</b>											<b><u>(788,933)</u></b>	<b><u>(471,229)</u></b>
Segment assets	21,803,681	23,038,708	276,278	270,903	4,394,533	5,049,477	265,145	275,842	(1,350,703)	(1,650,154)	25,388,934	26,984,776
Associated											459,264	418,505
<b>Total assets</b>											<b><u>25,848,198</u></b>	<b><u>27,403,281</u></b>

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	Satellite business services		Internet services and media		Telephone network		Others		Consolidation eliminations		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in thousand Baht)</i>											
Segment liabilities	2,071,372	2,554,165	149,652	132,664	1,993,840	1,855,660	6,986	6,034	(1,450,657)	(1,560,279)	2,771,193	2,988,244
Borrowings											8,398,353	8,789,226
<b>Total</b>											<b>11,169,546</b>	<b>11,777,470</b>
Depreciation	430,514	409,082	22,994	23,854	659,306	669,413	-	-	-	-	1,112,814	1,102,349
Amortisation	1,476,650	2,159,973	3,376	4,638	-	-	-	-	-	-	1,480,026	2,164,611
<b>Total depreciation and amortisation</b>	<b>1,907,164</b>	<b>2,569,055</b>	<b>26,370</b>	<b>28,492</b>	<b>659,306</b>	<b>669,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,592,840</b>	<b>3,266,960</b>

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Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2010 and 2009 were as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Segment revenue</b>		
Thailand	2,846,720	2,605,378
Cambodia	959,310	1,514,401
Lao PDR	671,738	817,612
Australia	1,049,881	1,321,968
China	31,374	17,420
India	148,203	114,630
Others	1,162,156	921,582
<b>Total</b>	<b><u>6,869,382</u></b>	<b><u>7,312,991</u></b>
<b>Segment results</b>		
Thailand	1,230,563	1,056,133
Cambodia	(405,389)	7,596
Lao PDR	155,872	357,272
Australia	125,960	24,325
China	(458,647)	(343,137)
India	(324,226)	(229,168)
Others	(765,720)	(865,012)
<b>Total</b>	<b><u>(441,587)</u></b>	<b><u>8,009</u></b>
<b>Fixed assets</b>		
Thailand	15,535,904	17,030,155
Cambodia	2,420,454	3,107,481
Lao PDR	1,553,395	1,491,341
Australia	190,597	199,656
China	94,205	154,448
India	242,919	200,844
Others	546,428	655,247
<b>Total</b>	<b><u>20,583,902</u></b>	<b><u>22,839,172</u></b>

**20 Revenues from sale of goods and rendering of services**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Revenues from sale of goods	1,410,360	1,510,244	637,280	800,052
Revenues from rendering of services	5,289,393	5,678,120	3,180,908	3,172,366
	<b><u>6,699,753</u></b>	<b><u>7,188,364</u></b>	<b><u>3,818,188</u></b>	<b><u>3,972,418</u></b>

**21 Other income**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Consulting and management fees	-	-	44,737	66,686
Interest income	30,939	18,665	34,159	18,118
Gain on sale of equipment	5,453	415	4,876	1,069
Others	70,958	12,543	44,829	5,147
<b>Total</b>	<b><u>107,350</u></b>	<b><u>31,623</u></b>	<b><u>128,601</u></b>	<b><u>91,020</u></b>

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**22 Expenses by nature**

Significant expenses by nature are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Depreciation of property and equipment	1,112,814	1,102,349	397,136	373,194
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets	1,473,887	1,669,916	1,445,605	1,655,803
Amortisation of finance costs	6,139	494,695	6,139	494,695
Staff costs	993,126	896,388	603,492	554,362

**23 Provident funds**

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**24 Income tax expense**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2010	2009	2010	2009
		<i>(in thousand Baht)</i>			
Current tax expense		134,437	190,466	-	-
Deferred tax expense	12	(264,253)	(302,199)	(262,437)	(323,934)
<b>Total</b>		<b>(129,816)</b>	<b>(111,733)</b>	<b>(262,437)</b>	<b>(323,934)</b>

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*Reconciliation of effective tax rate*

For the years ended	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	<i>(in thousand Baht)</i>			
Loss before tax	(912,470)	(582,655)	(1,024,797)	(1,094,602)
Tax rate	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>
The result of the accounting loss multiplied by the income tax rate	(273,741)	(174,796)	(307,439)	(328,381)
Share of net results from investments - equity method	(50,889)	(37,388)	-	-
Effect of the different basis of income tax calculation or tax rates in other countries	(27,436)	(54,091)	-	-
Tax profits (losses) not recognised as deferred tax asset	36,001	9,608	-	-
Tax on dividend received from a subsidiary	(60,016)	(27,011)	-	-
Effect of the income recognised in different periods for accounting and tax purposes	94,947	54,218	45,002	7,232
Effect of the non-deductible tax expense and expense recognised in different periods for accounting and tax purposes	<u>151,318</u>	<u>117,727</u>	<u>-</u>	<u>(2,785)</u>
<b>Total</b>	<b><u>(129,816)</u></b>	<b><u>(111,733)</u></b>	<b><u>(262,437)</u></b>	<b><u>(323,934)</u></b>

*Income tax reduction rate*

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment.

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

**25 Promotional privileges**

The Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) by the Board of Investment (BOI) in respect of earnings derived from rendering telecommunication services of Thaicom 3 satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of 8 years commencing from December 1997, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

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On 19 November 2003, the Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of iPSTAR satellite project to customers outside Thailand. Promotion privileges include exemption from corporate income tax for a period of 8 year, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

In 2010 the Company has revenue from promoted business of Baht 538 million (2009: Baht 419 million).

**26 Loss per share**

*Basic loss per share*

The calculations of basic loss per share for the years ended 31 December 2010 and 2009 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht /thousand shares)</i>			
Loss for the year	<u>(788,933)</u>	<u>(471,229)</u>	<u>(762,361)</u>	<u>(770,668)</u>
<b>Loss attributable to equity holders of the Company (basic)</b>	<b><u>(788,933)</u></b>	<b><u>(471,229)</u></b>	<b><u>(762,361)</u></b>	<b><u>(770,668)</u></b>
Number of ordinary shares outstanding at 1 January	1,095,938	1,095,938	1,095,938	1,095,938
Effect of shares issued during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>
<b>Loss per share (basic) (in Baht)</b>	<b><u>(0.72)</u></b>	<b><u>(0.43)</u></b>	<b><u>(0.70)</u></b>	<b><u>(0.70)</u></b>

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*Diluted loss per share*

The calculations of diluted loss per share for the years ended 31 December 2010 and 2009 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in thousand Baht / thousand shares)</i>			
Loss attributable to equity holders of the Company (basic)	<u>(788,933)</u>	<u>(471,229)</u>	<u>(762,361)</u>	<u>(770,668)</u>
<b>Loss attributable to equity holders of the Company (diluted)</b>	<b><u>(788,933)</u></b>	<b><u>(471,229)</u></b>	<b><u>(762,361)</u></b>	<b><u>(770,668)</u></b>
Weighted average number of ordinary shares outstanding (basic)	1,095,938	1,095,938	1,095,938	1,095,938
Effect of shares warrants on issue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>	<b><u>1,095,938</u></b>
<b>Loss per share (diluted) (in Baht)</b>	<b><u>(0.72)</u></b>	<b><u>(0.43)</u></b>	<b><u>(0.70)</u></b>	<b><u>(0.70)</u></b>

**27 Financial instruments**

*Financial risk management policies*

The principal financial risks faced by the Group are interest rate risk and exchange rate risk. The Group borrows at fixed and floating rates of interest to finance its operations. Sales, purchases and a portion of borrowings are translated in foreign currencies. In order to manage the risks arising from fluctuations in exchange rates and interest rates, the Group makes use of derivative financial instruments.

The objective of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. The following strategies are employed to achieve these objectives. Interest rate exposures are managed through interest rate swaps taken out with commercial banks and foreign exchange forward contracts and foreign currency options are take out to manage the currency risks in future sales, purchases and loan repayments. Decisions on the level of risk undertaken are governed by corporate policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

Management of currency and interest rate exposures is the responsibility of the Treasury Department. Management reports contain detail of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. An analysis of exposures against the limits established by the management is also provided. These limits principally cover the maximum permitted exposure in respect of short-term investment regarding to guideline to short-term investment policy.

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***Capital management***

The primary objective of the Company's capital management is to provide good returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure in order to support asset management plan and new investment opportunities which will create value and strengthen financial position for the whole group.

***Foreign currency risk***

As at 31 December, the Group had outstanding foreign currency assets and liabilities after foreign currency forward contracts and foreign currency options as follows:

	<b>Consolidated financial statements</b>			
	2010		2009	
	Foreign currency	Baht	Foreign currency	Baht
	<i>(in million)</i>			
<b><i>Assets</i></b>				
US Dollars	28.41	852.55	38.56	1,280.92
Australian Dollars	18.52	563.82	15.71	463.15
KIP	20,732.57	76.71	39,381.45	153.59
New Zealand Dollars	-	-	6.57	155.21
Singapore Dollars	0.01	0.34	0.01	0.34
India Rupee	443.93	277.06	269.88	183.45
Yen	51.54	18.90	8.68	3.11
Indonesia Rupee	92.76	0.29	313.64	1.07
Total		<u>1,789.67</u>		<u>2,240.84</u>
<b><i>Liabilities</i></b>				
US Dollars	89.59	2,714.33	69.14	2,317.20
Australian Dollars	7.07	219.15	17.88	537.25
KIP	123,421.94	469.00	90,418.76	361.68
New Zealand Dollars	-	-	1.02	24.71
Singapore Dollars	0.14	3.39	0.16	3.82
India Rupee	45.62	32.70	45.12	34.09
Yen	1.53	0.57	0.43	0.16
Indonesia Rupee	45.06	0.16	2.41	0.01
Total		<u>3,439.30</u>		<u>3,278.92</u>

Foreign currency assets mainly represent cash in bank and accounts receivable. Foreign currency liabilities mainly represent trade accounts payable, accounts payable - property and equipment and borrowings.

***Credit risk***

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

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***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

***Fair values***

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, amounts due from related parties, short-term loans and advances to related parties, trade creditors, accounts payable-property and equipment, amounts due to related parties, and borrowings are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in Note 14.

**28 Commitments with non-related parties**

**a) Agreement for operation of domestic communication satellite**

The Company was permitted by the Ministry of Transport and Communications, under an agreement dated 11 September 1991 and an amendment thereto dated 22 March 1992, to operate and administer certain satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a thirty-year period, service charges from users of the transponders. The agreements for operation have been transferred to the Ministry of Information and Communication Technology ("MICT").

Under the aforementioned agreement, the Company must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2010, the remaining minimum fee is Baht 806 million (31 December 2009: Baht 864 million). In addition, the Company, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipments to MICT on the date of completion of construction and installation.

**b) Assets transfer commitment under telephone network agreement in Cambodia**

Mfone Company Limited ("Mfone"), a jointly-controlled entity in Cambodia, has obtained agreements for operation from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement in 2028 (Note 10).

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**c) Shareholder agreement**

Lao Telecommunications Company Limited (“LTC”) is a joint venture, which was established under the terms of a Joint Venture Contract dated 8 October 1996, signed by the Government of the Lao People’s Democratic Republic and Shinawatra Computer and Communications Public Company Limited, the former name of Shin Corporation Public Company Limited. According to the aforementioned Joint Venture Contract, LTC has the right to provide telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging - within the Lao PDR for 25 years. Currently, Shenington Investments Pte Company Limited, which is a jointly-controlled entities of the Company, owns 49% of LTC’s registered shares. At the end of the 25th year, in 2021, the Group has to transfer all of LTC’s shares to the Government of the Lao People’s Democratic Republic without any charges (Note 9). According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2010, LTC has remaining additional investment of approximately USD 81.45 million (*31 December 2009: USD 113.26 million*).

**d) Agreements for operation of a subsidiary company and associated companies for the satellite uplink-downlink and Satellite Internet services and Internet services in Thailand**

CS Loxinfo Public Company Limited (“CSL”), which is an associate of the Company, entered into agreements for operation with CAT Telecom Public Company Limited (“CAT”) for a period of 22 years from 9 August 1994 to 8 August 2016 to provide satellite uplink-downlink and internet services.

Currently, the National Telecommunications Commission (“NTC”) is responsible for granting licenses to provide internet access services in Thailand. DTV Service Company Limited, a company’s subsidiary and CSL operate the business to provide internet and telecommunication services under licenses granted by NTC as follow:

Type of license	Issued Date	Period
<b>License of DTV Service Company Limited</b>		
Internet Operation License Type I	18 October 2009	5 years
Telecom Operation License Type I	19 July 2010	5 years
<b>Licenses of CSL</b>		
Internet Operation License Type II	26 April 2007	5 years
Internet Operation License Type I	8 September 2009	5 years
Telecom Operation License Type I	11 October 2009	5 years
Telecom Operation License Type III	20 December 2007	15 years

**e) Obligation under “Financing and Project Agreement”**

Lao Telecommunications Company Limited (“LTC”) entered into a “Financing and Project Agreement” with the government of the Lao People’s Democratic Republic (“government”) and an organisation in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 259.6 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project and interest rate of loan 4% per year. LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70.1 million in June 2010. LTC has paid loan repayment for the loan of Phase IV & V in the amount of Baht 14.6 million in year 2010.

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**f) Capital commitment**

At 31 December 2010, Shennington Group has capital commitment according to the percentage of share hold by the Group amount of USD 12.3 million (approximately Baht 373 million) (2009: USD 11.3 million; approximately Baht 379 million).

**g) Obligation from shares buy back options**

On 23 October 2003, the Company and Codespace Inc. entered into a “Memorandum of Agreement”, which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to the Company, with the condition that the Company has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, the Company has the right to refuse. If the offered price per share is equal to the higher of USD 1 or fair market value at offering date, the Company has to purchase those shares from Codespace Inc. The Company believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of the Company, the value per share of iPSTAR Co., Ltd.’s shares is higher than USD 1. Therefore, the Company does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2010, the remaining share option was 0.12 million shares (2009: 0.63 million shares).

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**h) Operating lease commitments**

As at 31 December 2010 and 2009, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in thousand)</i>			
Within one year	THB	41,323	25,660	41,323	25,660
	YEN	362	-	362	-
	USD	8,836	8,130	5,713	6,402
	Rupee	4,622	-	4,622	-
	Rupiah	39,500	-	39,500	-
	Ringgit	116	-	116	-
	PHP	2,977	1,970	2,977	1,970
Total equivalent Baht		<u>315,836</u>	<u>299,595</u>	<u>221,222</u>	<u>241,667</u>
After one year but within five years	THB	43,201	28,920	43,201	28,920
	YEN	453	-	453	-
	USD	16,639	11,898	4,582	5,538
	Rupee	4,532	-	4,532	-
	Ringgit	67	-	67	-
	KIP	2,455	2,455	-	-
	PHP	1,970	3,940	1,970	3,940
Total equivalent Baht		<u>552,777</u>	<u>430,577</u>	<u>187,477</u>	<u>217,419</u>
After five years	THB	16,559	19,837	16,559	19,837
	USD	4,684	3,387	-	-
	KIP	748,335	722,241	-	-
Total equivalent Baht		<u>161,306</u>	<u>136,241</u>	<u>16,559</u>	<u>19,837</u>
<b>Grand total equivalent Baht</b>		<b><u>1,029,919</u></b>	<b><u>866,413</u></b>	<b><u>425,258</u></b>	<b><u>478,923</u></b>

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**i) Other commitments**

The Group had contingencies with banks, whereby the banks issued letters of guarantee, letters of credit and other guarantees in respect of business contracts, for the following amounts:

	Currency	Consolidated financial statements		Separate financial statements	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		<i>(in thousand)</i>			
Minimum operating agreement fee payable to Ministry of Information Communication and Technology	THB	222,000	137,000	222,000	137,000
IPSTAR equipment sales	THB	522	338	522	338
Satellite space leasing by customers	USD	1,442	212	1,442	212
	THB	487,000	487,358	487,000	487,000
IPSTAR Gateway	USD	379	379	379	379
Forward contracts	AUD	2,318	-	-	-
	THB	730,702	-	730,702	-
Standby letters of credit	USD	-	3,233	-	3,233
Letters of credit	USD	472	250	222	-
Others	THB	3,405	3,552	3,322	3,322

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**29 Contingent liabilities**

**Assessment for income tax in India**

The Tax Authority in India ('the said Authority'), has held that the payments received by the Company for providing Transponder Services ('TPS') to its Indian Customers and non-resident customers targeting Indian audience ('the Customer') was Royalty under both the Indian Income Tax Act ('the Act'), and the Double Taxation Avoidance Agreement between Thailand and India ('the DTAA') and subject to withholding tax at the rate of 15% on gross basis. But the Company considered income from Transponder Services to be business income, and as the Company does not have permanent establishment in India, such incomes are not taxable in India.

The Tax Authority has raised the tax demand including surcharge and education cess aggregating to Rs. 612.1 million (approximately Baht 439 million) exclusive of interest amounting to Rs. 92.7 million (approximately Baht 66 million) against the said payment received by it from the customers for the Assessment Year ('AY') 1998-99 to 2005-06 (1 April 1997 to 31 March 2005). Further, the said Authority has also levied penalty of Rs.324.9 million (approximately Baht 233 million) for AY 1998-99 to 2001-02.

From Authority's letter dated 22 August 2008, the Authority had asked for payment of the said income tax including interest for late payment amounting to Rs. 83.2 million (approximately Baht 60 million) (calculated up to the end of August 2008). Also from Authority's letter dated 3 December 2008, the authority raised the tax demand for AY 2006-07 including related interest amounting to Rs. 22.6 million (approximately Baht 16 million). And from Authority's letter dated 30 September 2010, the authority raised the tax demand for AY 2007-08 amounting to Rs. 32.2 million (approximately Baht 24 million.) and the Company paid such tax in November 2010.

Furthermore, the Authority sent the notices dated 29 March 2010 to the Company tax agent in India that the penalty was assessed against the Company for the AY 2003-2004 and AY 2004-2005 in the amount of Rs. 88.4 million (approximately Baht 63 million) and Rs. 89.4 million (approximately Baht 64 million) respectively and requiring the Company to make payment for the said penalty within 30 days from the date of receipt of the notices (30 March 2010). The Company filed appeals against the penalty with CIT (A) on 26 April 2010.

The Company had received Withholding Tax Certificates ('WTC') from its Customers until AY 2007-08 net amounting to Rs. 487.9 million (approximately Baht 350 million). The Company had also deposited Rs. 460.2 million (approximately Baht 330 million). The Company presents the deposit as non-current assets in the Balance Sheet.

Since the management and Tax Advisor in India are of the opinion that the income from the TPS is not subject to Tax in India, the Company did not make any provision for the liability against the balance amount of Rs. 397.5 million (approximately Baht 285 million), payable to the said Authority.

On 16 October 2009, the ITAT (Special Bench) pronounced its decision on the Company's appeal against the order of the Income Tax Authority of India and CIT (A) on the issue whether the income from transponder service is a royalty or a business income that the income from transponder service is a royalty and subject to withholding tax at the rate prescribed by law, and the use of transponder service constitutes the use of a process. However, the decision related to the income tax and interest thereon only, and did not include the issue of penalty and interest thereon, which is still pending before ITAT. The ITAT scheduled the hearing of the Company's appeal for the issue on penalty and interest on 18 January 2011. ITAT postponed the hearing of the request of the Revenue Authority.

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However, the Company's tax consultant in India is of the opinion that the decision of the ITAT (Special Bench) is likely to be incorrect as it is not in accordance with the decision of the High Court on telecom service which can be used as precedent by analogy and the decision in the PanAmSat International Systems Inc. case and should be challenged before the High Court, and the Company filed an appeal against the ITAT (Special Bench) decision with the High Court in December 2009 which is within the period of 120 days presented by laws. The High Court has scheduled the hearing on whether or not to accept the Company's appeal on 29 November 2010. The High Court postponed the hearing of the request of the Revenue Authority. Therefore, the Company's management takes the view that the Company's income is not taxable in India and the case will be decided in the Company's favour on appeal.

If the Supreme court decides finally that the Company's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 779.5 million (approximately Baht 558 million) which will be charged as expense immediately, but the Company will not be required to make any additional tax payment as the amount of WTC and the deposit made by the Company fully cover the tax demand. This, however, does not include the Penalty and the interest related to the Penalty already assessed in the amount of Rs. 566.1 million (approximately Baht 406 million) which will be charged as expenses if there is a final judgement that the Company is liable for Penalty and interest related to such Penalty, which the Company has already placed deposit against part of the Penalty and interest related to such Penalty leaving the total liability for Penalty and interest related to such Penalty in the amount of Rs. 397.5 million (approximately Baht 285 million) as stated in the preceding paragraphs together with interest at the maximum rate not exceeding one (1) percent per month as from the date of receipt of the Demand Notice until the date the payment.

However, even though it has been decided that the income from transponder service is a Royalty, if the Company did not conceal any income or intentionally declared incorrect amount of income in its income tax returns, the penalty and interest imposed on the Company may be set aside.

### **30 Other events**

- a) According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case. The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.
- b) On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission ("NTC"), the office of the NTC and the Ministry of Information and Communication Technology ("MICT") in the Central Administrative Court ("CAC") on the ground that the three state agencies neglected to perform their duties in overseeing whether the Company has been carrying on its telecommunications business lawfully after the sale of Shin Corporation Public Company Limited's shares to the new shareholder.

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CAC issued an order dated 8 April 2009 making the Company the fourth respondent in order to allow the Company to file the Reply to the petitioner's claim including evidence, documentary or otherwise to CAC and the Company filed the Reply and supporting evidence in July 2009.

The Company is of the opinion that it will not be adversely affected in any way as the actions were brought against NTC, office of the NTC and MICT for neglecting to perform their duties and will not constitute a cause for terminating the operating agreement as the Company has fully complied with the terms and conditions of the operating agreement.

**31 Events after the reporting period**

*a) Proposed dividend payment of CS Loxinfo Public Company Limited ("CSL")*

At the Board of Directors' meeting of CSL held on 16 February 2011, the directors passed a resolution to approve the appropriation of dividends of Baht 0.25 per share, amounting to Baht 148 million. The proposed dividends must be approved by the shareholders at their meeting.

*b) Increase of Share Capital and Reduction of Share Capital*

*Increase of Share Capital*

At the Board of Directors' meeting of CSL on 16 February 2011, a resolution was passed to approve the issuance of 750,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.13% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment on note 31 (a), the exercise ratio of the warrants issued under ESOP-Grant IV and ESOP Grant V has been affected. The Board of Directors will propose this to the shareholders for approval.

*Reduction of Share Capital*

At the Board of Directors' meeting of CSL on 16 February 2011, a resolution was passed to reduce the ordinary shares because the warrant of CSL for ESOP-Grant II and ESOP-Grant III expired on 30 April 2010 and on 30 May 2010 respectively, in number of 21,518,736 shares, equivalent to 3.63% of the total issued and paid-up shares capital of CSL. The Board of Directors will propose this to the shareholders for approval.

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**32 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

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At present, the Group has early adopted TAS 12 Income Taxes but has not adopted other standards that were announced by FAP and have effective for the accounting periods beginning on or after 1 January 2011. Management has made an assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have material impact on the financial statements in the period of initial application. These standards are as follows:

*TAS 16 (revised 2009) – Property, plant and equipment*

The principal changes introduced by the revised TAS 16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years. Management has already reviewed the impact on the 2011 financial statements of introducing the revised TAS 16 from 1 January 2011 concluding that the effects are not significant.

*TAS 19 – Employee benefits*

The Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date. Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is Baht 148.3 million for the Group and Baht 88.6 million for the Company. Management intends to adopt transitional provision (ii) to recognise and account for this liability.

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**33 Reclassification of accounts**

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	<b>2009</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<b>Balance sheet</b>						
Short-term loans and advance to subsidiaries	-	-	-	334,076	(334,076)	-
Long-term loans and advance to subsidiaries	-	-	-	-	334,076	334,076
		<u>-</u>			<u>-</u>	
<b>Statements of cash flows</b>						
Interest paid	(577,920)	577,920	-	(504,292)	504,292	-
<b>Cash flows from operating activities</b>	<b>2,097,957</b>	<b>577,920</b>	<b>2,657,877</b>	<b>1,066,921</b>	<b>504,292</b>	<b>1,571,213</b>
Interest paid	-	(577,920)	(577,920)	-	(504,292)	(504,292)
<b>Cash flows from financing activities</b>	<b>(1,441,317)</b>	<b>(577,290)</b>	<b>(2,019,237)</b>	<b>(1,063,086)</b>	<b>(504,292)</b>	<b>(1,567,378)</b>

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.